

MAY 16
1936

BUSINESS WEEK



Underwood & Underwood

FOREIGN TRADE WEEK—And Secretary Hull (right) appropriately signs the thirteenth of his reciprocal trade agreements—with Ambassador André de Laboulaye of France.

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RUST GOES TO WORK ON A DAY LIKE THIS!

• Rust works *all* the time. But he loves wet weather. It gives him a foothold in millions of new places—helps him increase his pay, which now runs to nearly three billion dollars every year.

Rust is a serious menace. But many smart users of metal are beating his game—and are saving money—by using Toncan, Republic's famous rust-resistant copper molybdenum iron. Others have cut Rust off their payrolls entirely, through the use of Enduro, Republic's perfected stainless steel.

There are hundreds of ways in which Toncan can be used profitably.

And Enduro, with its permanent luster, its stain-proof properties, its resistance to rust and corrosion, has found a permanent place in scores

of important industries—and is being adapted to new uses in new fields almost every day.

Toncan and Enduro are both exclusive Republic products. They have established enviable records of performance in hundreds of widely varying applications.

And the same metallurgical skill—the same insistence upon doing things well—that has made these specialties so favorably known, stands back of the more conventional Republic products such as nuts, bolts, tin plate, sheets, bars, shapes, etc.—assuring you of the highest quality, whatever your requirements may be.

If you are a manufacturer, an engineer, a builder or designer—if you are interested in metals or metal products in any way, call a Republic representative. He will be glad to help you.



REPUBLIC STEEL CORPORATION

GENERAL OFFICES: REPUBLIC BUILDING, CLEVELAND, OHIO

Republic has 45,000 employees. With their immediate families—not including necessary suppliers and professions—they would make a city of approximately 193,500 people—nearly the size of Dayton, O.—entirely dependent for support upon the activities of this one corporation.

When writing Republic Steel Corporation for further information, please address Department BW.



New Business

NEW products breed new advertising dollars, and the space-and-time salesmen are watching with interest two new General Foods products as they go through final consumer tryouts, having satisfied all previous requirements in the rigorous GF product research program. Dress rehearsal for Huskies, a whole wheat cereal, is being staged in Texas where the 'famous athletes' theme is being used to capitalize on a booming sports interest in the Southwest. Jell-O Ice Cream Mix is going through its paces in New England and metropolitan New York. Cartoon advertisements in the newspapers and special local plugs on the Jack Benny Jell-O program will support the test campaign beginning this week.

HAS repeal hurt the thriving soda-and-malted milk business built up by drug stores during prohibition? Not so the Brunswick-Balke Collender Co. can notice it. Having survived the lean days of the long drought, the old-time supplier of billiard and barroom equipment is just now entering the soda fountain field. Twenty-four models, featuring a dry-coil instead of a brine refrigerating system, will be offered the trade this summer.

SIXTY National Home Shows have been booked for American cities so far this year through the cooperation of the Federal Housing Administration, local civic associations, realtors, building industry concerns, and building equipment manufacturers. Twenty-four had already been held by the beginning of this month. Reports from 10 of them reveal that commercial exhibitors made immediate sales amounting to over \$2,000,000. Reports from 17 show that they stimulated modernization, insured mortgage, mortgage refinancing and other loans under the FHA plan providing a potential business total of \$42,321,284. The public interest in housing isn't just academic by a long shot.

To correct the downward trend of sales in department stores' piece goods sections, the National Retail Dry Goods Association plans a drive for home sewing. Object: to duplicate the feat achieved for knitting and make it "smart" to sew. Methods will be discussed at a meeting of cotton, wool, silk and rayon interests to be held June 3.

SOY beans are soaring to unprecedented popularity. Government figures show 43 active mills during the first quarter of 1936. They crushed nearly 235,000 tons, produced 64 million lb. of oil and 187,000 tons of cake. Only 20 mills were active turning out about a third of this production in the same quarter of 1935 and the 1934 totals were about a third of the 1935 figures. Twelve states have joined the U. S. Dept. of agriculture in establishing a soy-bean research laboratory at Urbana, Ill.

OUT in California vineyards and orchards, planters have successfully used lighted traps to electrocute insect pests (*BW*—Oct 5 '35, p.26). Now, *Drug Topics* reports that one Monroe Allbright of Hickory, N. C., has perfected a similar device to wipe out the fly and mosquito plague in store, home, and factory. So far, he insists on calling it the

BUSINESS WEEK (with which is combined The Magazine of Business) May 16, 1936, No. 359. Published weekly by McGraw-Hill Publishing Company, Inc., 330 West 42nd Street, New York, N. Y. James H. McGraw, Jr., Chairman; Malcolm Muir, President; James H. McGraw, Honorary Chairman; Glenn Griswold, Vice-President and Editor; B. R. Putnam, Treasurer; D. C. McGraw, Secretary. \$5.00 per year in U. S. A., possessions, and Canada; \$7.50 per year in all other foreign countries; 26c per copy. Entered as second-class matter February 15, 1936, at the Post-Office at New York, N. Y., under the act of March 3, 1879. Printed in U. S. A. Copyright 1936 by McGraw-Hill Publishing Company, Inc.

MAY 16, 1936



Offices of Mr. Henry P. Bristol, President, Bristol Myers Co., 630 Fifth Avenue

SLOANE OFFERS BOTH

- Complete office decorating service
- Direct-from-the-manufacturer economy

Whatever your office furnishing problem, Sloane's skilled decorators are at your service without obligation.

For instance, here is a Sloane solution of a typical problem—the complete decoration and furnishing of a great manufacturer's executive offices. In the President's office, shown above, the walls are Colonial blue, draperies are of crimson wool damask, the flooring is cork, the rug an Oriental, and the furniture is mahogany.

But Sloane offers you more than a complete decorating service. For when you purchase Sloane-made furniture you have the economy of dealing direct with the manufacturer . . . plus the even greater economy of expert craftsmanship by which alone you secure years of hard wear without expensive repairs.

FURNITURE • PANELLING • OFFICE PARTITIONS • DRAPERIES • FLOOR COVERINGS

CONTRACT DEPARTMENT

W & J **SLOANE**

575 FIFTH AVENUE • NEW YORK

Consult Sloane's Contract Department without obligation on any problem, from a single desk or chair to decorating and furnishing an entire building. Phone or write Dept. 10D.

DICTAPHONE

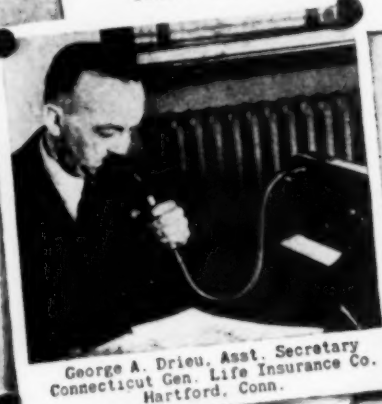
The word DICTAPHONE is the Registered Trade-Mark of Dictaphone Corporation, Makers of Dictating Machines and Accessories to which said Trade-Mark is applied.

Is Your Office Keeping Posted as the Trend To Dictaphone Sweeps On?

Consistently, executives who use the modern Dictaphone report that it doubles their ability to get things done... Pause on that, and reflect what it would mean in your office... executives with doubled ability to get things done.

That spectacular result is explained in very simple terms in the booklet, "What's an Office Anyway?"... You'll find that booklet absorbing. Send the coupon for it today!

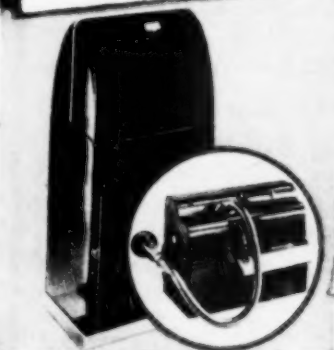
Then if you wish... let us arrange a working demonstration in your own office to show you at first hand what this modern dictating instrument has come to mean in modern business... how much more than correspondence it affects... how vitally it steps up executive functions... how widely its benefits carry throughout the office staff.... Use the coupon provided below.



George A. Drieu, Asst. Secretary
Connecticut Gen. Life Insurance Co.
Hartford, Conn.



Lawrence R. D'Orsay, Author & Critic
Hollywood, California



Dictaphones are available in both Desk and Cabinet models



Ray Comyns, Mgr. Chain Store Sales
E. R. Squibb & Sons, New York

Dictaphone Sales Corporation, 420 Lexington Ave., New York
In Canada—137 Wellington St., West, Toronto

() I want to see your representative.
() Please send me my copy of "What's An Office Anyway?" NW-5
Name
Company
Address

"Muskilutrix." It consists of an electric fan which sucks the insects into a box like a radio cabinet and tosses them none too gently against an electrified wire mesh. Tests in Florida last winter dealt death to thousands of mosquitoes, proved the device would draw sufficiently to eliminate pests (insect) in enclosures as big as a ballroom.

CHRYSLER CORP. has recently put into operation an industrial medical research laboratory. Its job is to watch working conditions throughout the big Detroit motor plant—for instance, to test the air for smoke, fumes, etc.—so that anything injurious to the employees' health can be eliminated. There are only three or four such laboratories in the country and this is the newest.

"RAILROAD operation is a business of infinite detail. Action is rapid. It must be directed by men familiar with all the circumstances. Judgments, in most cases, should be made by those on the ground. Authority should be kept close to the field of operation. Remote control may work in radio, but it cannot be applied to railroad transportation."—H. G. Taylor, chairman, Western Association of Railway Executives, on government regulation of the railroads.

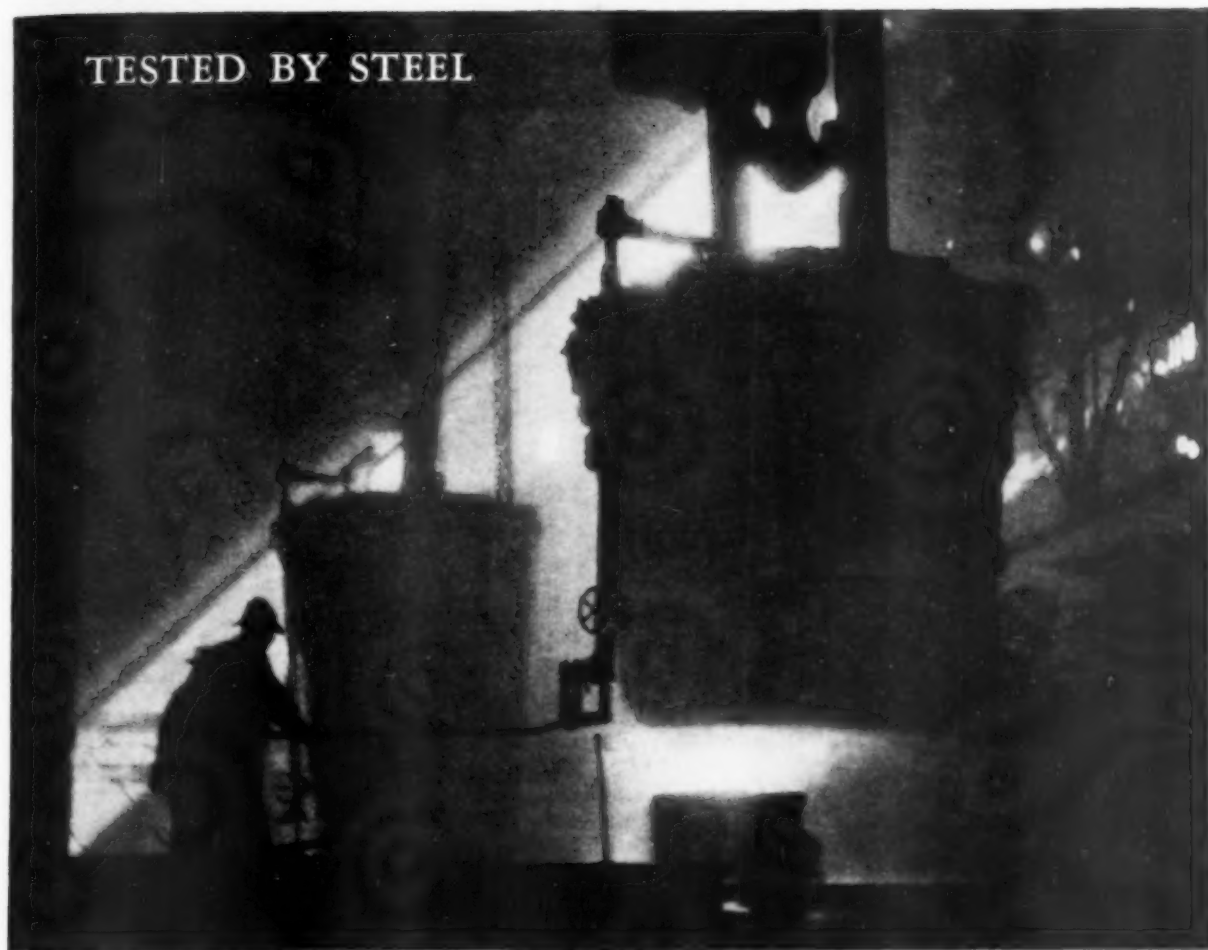
THREE industries are manifesting a distinct clubbiness which publishers hope will eventually burgeon into full-fledged cooperative advertising campaigns. Last month, the Quality Bakers of America concluded their annual conference with the agreement that some sort of a joint promotion job ought to be done. The same note was heard at the meeting of the directors of the Association of American Railroads, and President J. J. Pelley has announced that a broad program will be launched "to put the railroad situation before the public in an understandable way." The cigar industry is taking more definite steps in the same direction. The Cigar Progress Board, representing manufacturers, jobbers, and salesmen, is soliciting a \$250,000 advertising fund, will support the drive with intensive sales effort and individual promotion in the interim.

GENERAL ELECTRIC and the city of Schenectady will celebrate in June two historic visits to their neighborhood—that of George Washington 150 years ago, that of Thomas Edison 50 years ago. The latter, which gets the greater emphasis warranted by its greater results, took place during negotiations for the first 12 acres of what is now GE's 645-acre establishment in the old Dutch city. Edison's financial agent in these negotiations was Samuel Insull.

CUMMINS ENGINE Co., pioneer in diesel engines and particularly active in the automotive and marine fields, reports along with a plethora of orders a shortage of sales engineers qualified to sell industrial diesels. Incidentally, this shortage of sales engineers is making complications in many fields. It's another depression result like the shortage of skilled workers in numerous lines and arises from the same reason—a breakdown in the training of young men during the hard times.

It was 15 years ago that the duPont people found out that bugs wouldn't eat its Fabrikoid book binding material, but right now duPont feels called upon to celebrate the fact that the first books which were bound in Fabrikoid for purposes of vermin protection—those of the Huntington collection in the vaults at Stanford, Calif.—are still unravaged. Incidentally, before duPont did that job it exposed a panel of Fabrikoid squares interspersed with squares of old type binding material to the appetites of avaricious hundred-legged bugs in the Philip-

TESTED BY STEEL



554 American Steel Plants — use them: —

Steel with its varied interests ranging from buttons to bridges to battleships entrusts its complex accounting problems to Underwood Elliott Fisher. More than 500 steel plants are today using Underwood Elliott Fisher Accounting Machines.

Underwood Elliott Fisher Accounting Machines are doing a vast number of accounting jobs for Steel. They are handling all phases of accounting routine efficiently and economically... maintaining books in daily balance... handling payrolls... stock records... supplying dependable sales sta-

tistics... getting statements into the mails on time... providing executives with up-to-the-minute figure facts.

Men of Steel seem to like the Underwood Elliott Fisher idea of offering three complete types of accounting machines with a wide variety of models in each. They know that it is never necessary to use an Underwood Elliott Fisher Machine on a job for which it is not fitted.

If you have an accounting problem, refer it to a committee of two... your own accountant, comptroller or auditor and a

representative of Underwood Elliott Fisher. Telephone or write the nearest Branch.

Accounting Machine Division
UNDERWOOD ELLIOTT FISHER COMPANY
Accounting Machines... Typewriters... Adding Machines
Carbon Paper, Ribbons and other Supplies
ONE PARK AVE., NEW YORK, N. Y.
Sales and Service Everywhere

Underwood Elliott Fisher Accounting Machine of a type popular throughout the Steel industry. Every Underwood Elliott Fisher Machine is backed by nation-wide, company-owned service facilities.

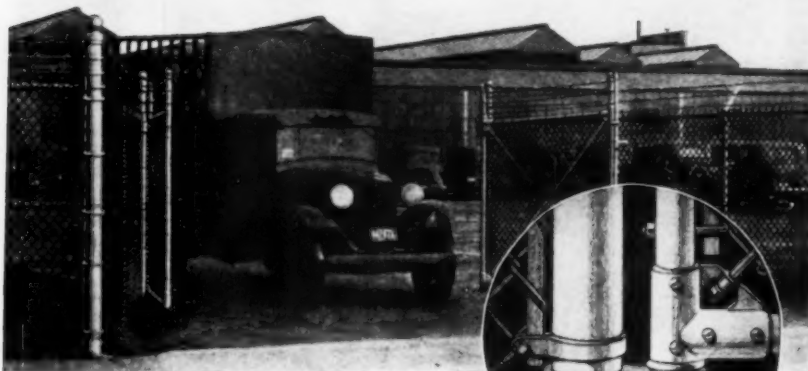
Underwood Elliott Fisher ACCOUNTING MACHINES

Underwood Elliott Fisher Speeds the World's Business

Every accounting requirement of the Federal Social Security Act and related State Legislation is met by Underwood Elliott Fisher Machines



THESE EXCLUSIVE CYCLONE FEATURES WILL SAVE YOU MONEY ON FENCE



YOUR property needs the day-and-night protection of a fence that tramps and burglars hate—a fence that is sturdy—and a fence that is good-looking. A fence that will last—one with a low upkeep cost. Such a fence is Cyclone.

The famous Cyclone chain link fabric which bears the "12m" label has an extra heavy coat of galvanizing that stands 12 immersions in the Precece Test. And that means it will last longer.

Cyclone gates don't sag—the Cyclone method of gate suspension prevents this—keeps gates straight and free swinging—stops repair bills.

Cyclone top rails are joined with an exclusive expansion joint to compensate for changes due to heat and cold. This means that Cyclone Fence stays straight—no crooked rails to fix.

These are only a few of the many features that make Cyclone Fence so outstanding in beauty, long life and low upkeep cost. Remember Cyclone is not a type of fence, but fence made exclusively by Cyclone Fence Company. There is a convenient Cyclone factory or warehouse near you for quick delivery. And if you wish, Cyclone Fence will be installed by men directed and trained by Cyclone Fence Company.

Phone or write for a Cyclone man to give

Gate is supported by ball and socket joint set in concrete. Weight of gate does not hang on post.

you full information and estimates. There is no charge for this service.

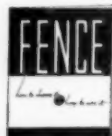
GET THIS FREE BOOK

Mail coupon today for 24-page illustrated

book. Contains pictures of 14 kinds of fence and tells facts you should know about lawn fence, steel picket fence, chain link fence. Book shows how to have a fence that protects property, that is handsome as well as useful—how to have fence gates that don't drag, fence rails that won't buckle in hot weather, fence post foundations that will not be weakened by frost. No matter whether you require a few feet of fence or ten miles of it—you need this valuable book.

CYCLONE FENCE CO. General Offices: Waukegan, Ill.
Branches in Principal Cities
Pacific Coast Division: Standard Fence Company
General Offices: Oakland, Calif.
Export Distributors:
United States Steel Products Company, New York

**MAIL
COUPON
TODAY**



CYCLONE FENCE CO., Dept. 254, Waukegan, Ill.

Please mail me, without obligation, a copy of "Fence—How to Choose It—How to Use It."

Name

Address

City State

I am interested in fencing: ☐ Residence; ☐ Estate; ☐ Industrial Property; ☐ School; ☐ Playground; Approximately feet.

Cyclone Fence



UNITED STATES STEEL

piners. After three months the old-fashioned fabric was reduced to shreds, but there wasn't a nibble out of the Fabrikoid. Its vermin-proof qualities have netted duPont a sizable business—on native dialect Bibles for the West Coast of Africa, for example.

"It is a mistake to think that prices must be high for a people to be prosperous. The alliance of the politicians with the false philosophy of high prices for their own sake, is the last evidence of the bankruptcy of the political mind. It is a mistake to think that low prices mean low wages or inadequate profits. The entire history of American economic progress is comprised in this—commodities of ever-increasing quality, made accessible to more and more people by lower prices, permitting the building of better plants to make them, and commanding higher wages for all the people engaged in making them. The process has not failed—it has only not been carried far enough."—W. J. Cameron of the Ford Motor Co., speaking before the American Foundrymen's Association.

Six British designers of women's clothing will come to this country on the maiden voyage of the *Queen Mary* (due in New York June 1) for a style show which they will present on June 4 in the Waldorf-Astoria. It's an effort of British couturiers to prove that not all of Europe's fashions are created in Paris.

BUSINESSES that deal with wholesale druggists, chain drug store headquarters, drug trade manufacturers' sales agents, and department stores maintaining drug or toilet goods departments can find their prospects in all these categories in the 1936 List Book (\$3 a copy) published by Topics Publishing Co., New York.

UNDER sponsorship of The Alden Speare's Sons Co. of Boston and the Speare Supply Co., of Chicago, the Laundryowners' National Association has been conducting tests in 162 power laundries and in the household laundries of 10 representative homes of Joliet, Ill., to see whether it was right in believing that the commercial laundry comes out better on such matters as whiteness retention, stain or dirt removal, loss in tensile strength of washed fabrics, and bacteria count. This week it is proudly displaying to members of the American Medical Association at that organization's Kansas City convention results which are certain to fan the flame of competition in the hearts of washing machine makers.

CRESCENT-SHAPED doughnuts that can be hung over the edge of a dunker's cup are being sold by a Toledo bakery. It's efficient, but is it art?

It is not every day that even rich and traveled ladies receive a postal card from Russia. It is not every postal card, even from Russia, that is printed in eight languages like the one that came from Moscow last week to several thousand ladies throughout the 48 States, reading:

Dear Madam,
My Russian quest for fine furs this year was exceedingly fruitful and gratifying. Upon my return, we shall proceed to convert these fine pelts into exquisitely finished furs. I predict a successful and unusual fur season, for Saks, 5th Avenue.

Yours sincerely,
J. Leonard Simmons.

Fur Department Manager Simmons of the New York department store, eminent along the gossip Avenue heretofore for the princesses, heiresses, torch singers, and great beloved movie ones that he had emine swathed, had taken on his Russian trip a complete list of all the ladies who had ever bought any Saks-Fifth Avenue furs.

Washington Bulletin

WASHINGTON (*Business Week Bureau*)—With France pretty certain to revalue franc, and strong possibility Britain will let pound sterling drift down in ratio, Washington is set like stone wall against printing press money. Huge House vote against Frazier-Lemke bill adds to assurance that President's power to devalue dollar to fifty cents gold of original pre-Roosevelt dollar will not be exercised soon—certainly not before election.

Chief danger of inflation here continues to be mounting government debt (up six billions next year, Morgenthau predicts), continued government support of its own bonds, and no proposal to balance budget, even assuming that tax bill produced amount Roosevelt has asked.

Backtrack on Taxes

White House will now accept plan of tax bill predicted from first by *Business Week*—retention of present corporation income taxes with addition of sliding scale tax on undistributed net earnings. Utter failure of government witnesses to make case against widespread criticism, and failure of any business witness to approve House's jumbled version of White House ideal, followed obvious fact that, despite official Treasury contentions, bill would not provide necessary revenue.

Excise Temptations

Senate, worried about revenue, even of newly proposed setup, continues to toy with excise (as partial substitute for processing) taxes. Strong political danger of these will probably defeat them, though a tax on steel has so few political dangers as to be tempting. There must be another tax bill next year, which must soak little fellows obviously enough for them to realize it.

Debt Test

Home Owners' Loan Corp. will be put to test next month that pessimistic officials believe will only hasten day when government will be forced to forgive its debtors. Beginning June 13, approximately 200,000 borrowers who, early in HOLC's operation, were granted 3-year moratorium on principal, will be called on to start paying off debt of six hundred millions. This represents 20% in number and amount of HOLC's operation on which delinquencies in interest and principal payments amount to 25%.

Utilities Press the Issue

Immediate trial of third utility assault on PWA power loans impends. Government attempt to postpone case

SOP TO ICKES

Ickes' tears, because Roosevelt won't give him more money for public works, are dried by sudden progress of his bill to change name of Interior Department to Department of Conservation—otherwise known as bill to loot Agriculture Department of its Forest Service. Measure passed Senate this week. Will set Ickes up as head of department to which all manner of government agencies may be transferred in name of conservation.

involving three Nebraska power districts until next fall has been abandoned as result of utilities' demand for more drastic injunction during interim. Rather than fight over injunction, PWA will fight case itself.

Power Policy Portent

Preview of future federal power policy will be given in bill to dispose of Bonneville dam electricity, ready for sale next fall. Pattern is deep secret, but may apply to future federal projects. Bland ignoring of ready-made precedent at Boulder Dam indicates solution may not please utilities.

For Construction Industry

New strategy of public works bloc in Congress is to push up total by a couple of hundred millions to continue PWA grants for heavy construction projects. This follows defeat of attempted earmarking of funds for PWA in relief bill. Attempt also will be made on behalf of construction industry to require WPA to put more work—now done by force account—under contract.

How Official Is Unofficial?

Government attorneys refuse to stand in court on Ickes' own record of his PWA performance. "Back to Work," the Administrator's recent tome, cited by utilities as evidence of federal power policy, was thrown out

on government plea it was not "official document." Query: What weight will future historians give to cabinet-produced literature?

Gas Regulation Proposed

More utility grief is forecast by favorable House committee report on bill to give Federal Power Commission regulation of interstate gas (fuel, not speeches). Too late for this session, bill will be back again.

Go Easy on Fertilizer

TVA blessings are spreading. First shipments of triple-super-phosphate (fertilizer to you) have gone out of Valley to Texas and Oklahoma. Other states can get some too—at cost plus freight—"for experimental purposes only." No fair trying to boost production and spoil soil erosion crop control plan.

On Again, Off Again

Food and drug bill seems champion in-and-out of Congressional agenda. Prospects blue again, after spurt caused by recent White House gesture. But it was only gesture—no heat. Mrs. Roosevelt is reported as in group against passage, on theory bill is too mild. As dog fight continues, chances dim. But you never can tell. Next week they may look up again.

No Co-op Cooperation

National Cooperative Milk Producers Federation opens hot barrage on Robinson-Patman *et al* anti-chain store bill. Says it's "straitjacket for industry" and "must be defeated." And listen: "Seriously cripples operations of farmer-owned and farmer-controlled cooperative marketing and purchasing associations."

Ready for Dumping

Export bounty scheme is in for boom. Some half dozen commodities are lined up for intensive foreign sales effort, with producer guaranteed at least domestic price no matter what he sells for. Who remembers McNary-Haugen?

'Quoddy Still Quivers

'Quoddy and even Florida ship canal may be resurrected. "Impartial" experts appointed by President are to study projects, recommend them if found "justified." They will, that is, if resolution just introduced in Senate by White House spokesman Robinson is not talked to death by Vandenberg and other critics. Report must be in by June 20, whereupon President can allot \$10,000,000 for Florida and \$9,000,000 for 'Quoddy from work relief funds. Plenty of time before Maine's barometer election in September.



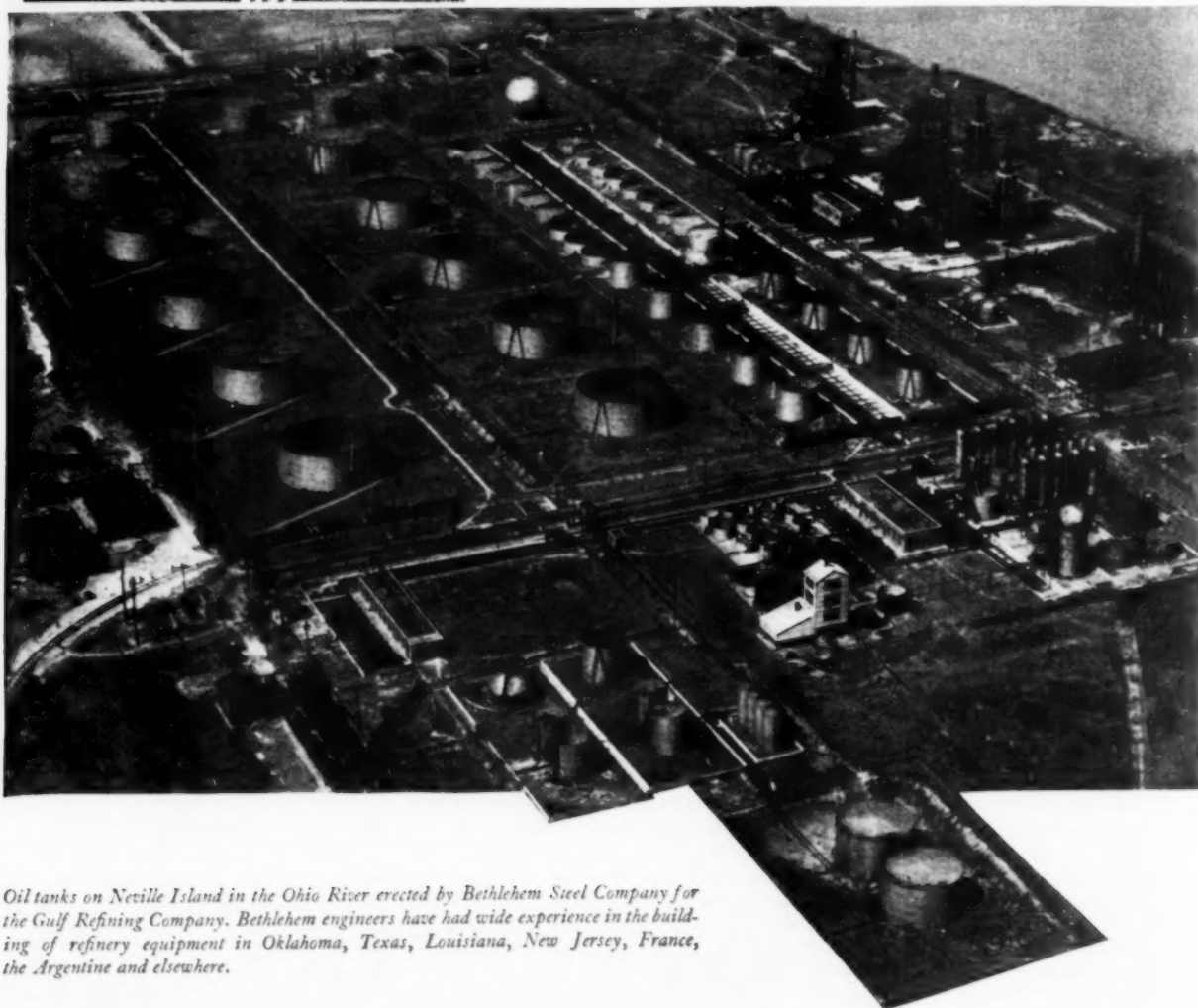
Where Experience Pays

MEN in high executive office make decisions which involve large investments, requiring sound, careful judgment. That is why leading corporation heads turn to Bethlehem for the fabrication and erection of steelwork.

Combining the facilities of McClintic-Marshall, a former Bethlehem subsidiary, with other Bethlehem facilities, this company is now the largest steel construction concern in the world.

Here in one organization is the personnel which has had experience in building every type of steelwork, including bridges and buildings of all kinds, oil field and refinery equipment, barges, dams, locks and piers.

This is the kind of experience which insures the buyer. The know-how is there—and the responsibility.



Oil tanks on Neville Island in the Ohio River erected by Bethlehem Steel Company for the Gulf Refining Company. Bethlehem engineers have had wide experience in the building of refinery equipment in Oklahoma, Texas, Louisiana, New Jersey, France, the Argentine and elsewhere.



BETHLEHEM STEEL COMPANY

BUSINESS WEEK'S INDEX OF BUSINESS ACTIVITY



BUSINESS WEEK INDEX

PRODUCTION

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1931-35
★ Steel Ingot Operation (% of capacity)	69.1	70.1	67.9	43.4	40.8
★ Building Contracts (F. W. Dodge, daily average in thousands, 4-wk. basis)	\$8,970	\$8,276	\$7,626	\$4,857	\$5,957
★ Bituminous Coal (daily average, 1,000 tons)	*1,153	1,186	1,234	832	904
★ Electric Power (million kw.-hr.)	1,948	1,929	1,934	1,702	1,569

TRADE

Total Carloadings (daily average, 1,000 cars)	112	111	102	95	101
★ Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars)	74	74	72	65	70
★ Check payments (outside N. Y. City, millions)	\$4,445	\$3,941	\$4,060	\$3,629	\$3,718
★ Money in Circulation (daily average, millions)	\$5,923	\$5,892	\$5,916	\$5,512	\$5,345

PRICES (Average for the Week)

Wheat (No. 2, hard winter, Kansas City, bu.)	\$.96	\$1.01	\$.99	\$1.03	\$.76
Cotton (middling, New York, lb.)	11.64¢	11.61¢	11.73¢	12.34¢	9.59¢
Iron and Steel (Steel composite, ton)	\$32.96	\$33.00	\$33.11	\$32.34	\$30.83
Copper (electrolytic, Connecticut Valley basis, lb.)	9.500¢	9.500¢	9.333¢	9.000¢	7.756¢
All Commodities (Fisher's Index, 1926 = 100)	81.6	82.2	82.5	82.2	70.0

FINANCE

Total Federal Reserve Credit Outstanding (daily average, millions)	\$2,477	\$2,478	\$2,485	\$2,477	\$2,040
Total Loans and Investments, Fed. Res. rep't'g member banks (millions)	\$21,897	\$21,795	\$21,731	\$19,808	\$19,449
★ Commercial Loans, Federal Reserve reporting member banks (millions)	\$5,097	\$5,039	\$5,074	\$4,915	\$5,893
Security Loans, Federal Reserve reporting member banks (millions)	\$3,315	\$3,304	\$3,295	\$3,120	\$4,564
Brokers' Loans, Federal Reserve reporting member banks (millions)	\$1,232	\$1,241	\$1,197	\$996	\$1,059
Stock Prices (average 100 stocks, <i>Herald-Tribune</i>)	\$113.76	\$113.92	\$119.78	\$100.09	\$99.22
Bond Prices (Dow, Jones, average 40 bonds)	\$101.50	\$101.26	\$102.34	\$95.25	\$87.48
Interest Rates—Call Loans (daily av'ge, renewal) N. Y. Stock Exchange	1 1/8%	1 1/8%	1 1/8%	1 1/8%	1 3/8%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City	1 1/8%	1 1/8%	1 1/8%	1 1/8%	2.0%
Business Failures (Dun and Bradstreet, number)	171	196	215	218	427

★ Factor in Business Week Index *Preliminary †Revised.

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Business Week



The steel used in New Departure bearings is wrought by forging in the company's forge plant, one of the largest in the world.

Forging beats toughness into steel!

New Departure is the forged steel bearing

Since the dawn of history blacksmiths have forged extra strength into metal. Glowing steel, caught between hammer and anvil, gains new toughness. Man's ingenuity has devised nothing that will take the place of forging. New Departure Ball Bearings are made from FORGED steel. Huge forging presses knead it with a thousand times the force of any man-swung sledge. Much metal is packed into small compass. Its

structure becomes uniform. It is longer-lived steel, because of the extra toughness that has been wrought into it.

The New Departure Manufacturing Company, Bristol, Connecticut. Engineering staffs also at Chicago, Detroit, San Francisco and London.

Also makers of TRANSITORQ
a million speeds at the touch of a finger



Nothing Rolls like a Ball  *No Other Form so Strong*

NEW DEPARTURE

THE FORGED STEEL BEARING

The Business Outlook

FOR six consecutive weeks, *Business Week's* index of general activity has been climbing out of the low ground where cold weather and floods had pushed it, and last week reached a new high for 1936. Carloadings are heading steadily for higher levels as both more industrial and farm products move to market. Check transactions again surpassed the ten billion dollar mark. Construction activity shows no sign of waning, despite the sharp gains over last year recorded in the first months of the year. Steel production holds close to the recent high levels which are the best since the spring of 1930. Retailers look forward to brisk summer trade, since a cool spring has delayed considerable buying.

Treaty Pleases Exporters

Exporters of automobiles and fruit viewed the new French trade treaty with considerable satisfaction. Results of other trade treaties (page 12) indicate that exporters can count on substantial market expansion flowing either from reduced imposts or larger quotas. That France, chief exponent of the quota system, should have agreed to modification, is especially encouraging. Concessions on the part of the United States will affect liquor particularly.

Earnings Generally Improve

Outside of textiles where prices have been soft and sales slow, and anthracite fields where activity has dropped to new lows for the late depression, business has little cause for pessimism, even if it is a presidential election year. First quarter earnings compiled by *Business Week* for 362 industrial concerns indicate a 43% increase over last year, though industrial production ran less than 7% ahead. With a substantially wider spread in production certain for the current quarter, earnings of leading industrials will continue to reflect favorable comparisons with 1935.

Heavy Industries Gain Most

Moreover, the more important gains this year are being recorded in the heavy industries. One index of capital goods production has revealed a steady upward trend since last June, putting current output back to the October, 1930, level. Consumer goods, on the other hand, while back to the 1926 average, have held an even keel since the first of the year.

Construction Holds Up

April construction based on the F. W. Dodge records for the first three weeks reveals no slackening in pace. That the margin over last year may narrow in the last half of 1936 should occasion no serious misgiv-

BROADCASTING DATA

The first census data on broadcasting, forming the first returns of the 1935 Census of Business, became available this week. Covering 36 stations in New England, it reveals the first glimpse of what revenue this new industry gets, how many it employs, and what wages it pays. Receipts of \$3,664,687 in 1935 were derived: 17% from national and regional advertisers, 51% from local advertisers, and 32% from national and regional networks. These 36 stations employed 727 persons, 79% of them men, with a 1935 payroll of \$1,365,856. Wages averaged \$24 per week for office and clerical help, \$34 for station technicians, \$59 for station artists, and \$148 for executives.

ings, because comparisons will be made with the sharply rising volume of the last three quarters of 1935. The daily average gain of January, 1936, over a year ago was 105%, for February 81%, for March 62%, for April to date, 94%.

Home Building 55% Ahead

Home building which has been the feature of the spring construction market holds 55% ahead of April, 1935. Non-residential building embracing industrial, educational, and other public structures has jumped 140% ahead of April, 1935, while public works and utilities average 88% ahead.

Steel Price Increases?

Rumors of contemplated price increases for finished steel products broke out this week. Midsummer announcements of higher prices have not proved very effective in the recent past. Demand is then at the year's low. Motor buying will have tapered considerably, and though large ton-

nages for 1937 models overhang the market in late summer, Detroit could exert considerable pressure against another price increase.

Social Security Act Blamed

Blame for the contemplated price increases is laid at the door of the social security act with its added tax burden. This week, too, saw a surprise move on the part of leading steel companies in granting vacations with pay to workers of five or more years' service, adding another cost.

Buying Freight Cars

Freight car buying turned considerably stronger in April, so that the first four months saw orders for 14,009 cars written on the books, with enough additional business in the offing to assure railroad equipment makers the best year since 1930. First quarter earnings of nine companies showed a 213% increase over 1935.

General Motors in Lead

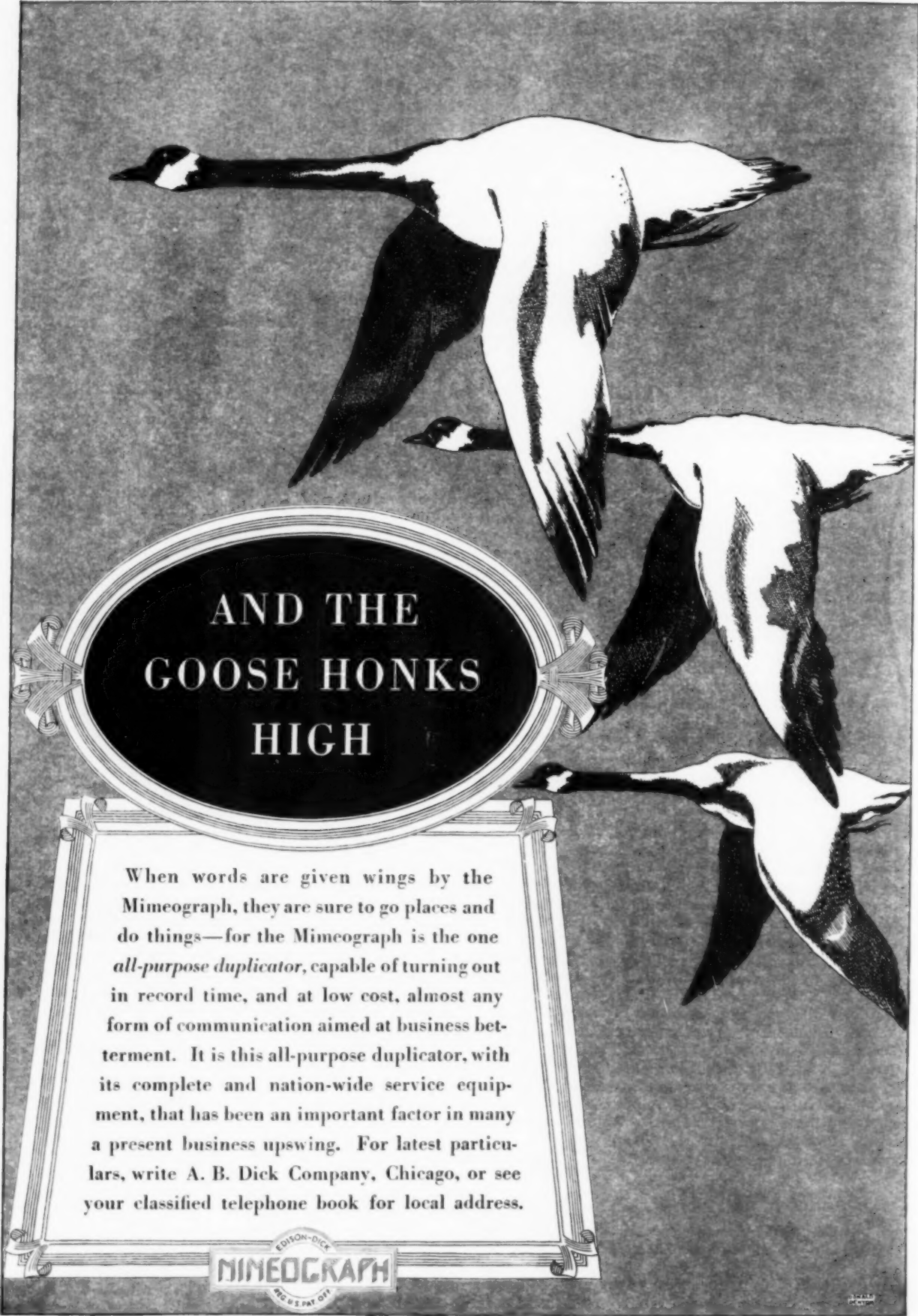
Backed by an extensive selling campaign that overcame the obstacles of cold weather and floods, the General Motors organization set a new all-time high in sales to consumers in the first four months of 1936. In the first quarter, it was the only one of the Big Three to improve its grip on public acceptance, selling 44.4% of all passenger cars in the country against 32.3% in the same months of 1935. The Ford and Lincoln group slipped from 36.4% to 24%; while Chrysler dropped from 24.3% to 23.2%. All other manufacturers improved their hold by raising their percentages from 7% to 8.4%.

Passenger Car Sales

Estimates of April passenger car sales for the motor industry as a whole indicate that sales will not better last year's mark significantly. Unfavorable motoring weather that has also disappointed gasoline and tire sellers is probably reflected in this failure to make a better comparison with last year. Consequently, it would not be surprising to find May the peak sales month of the year.

Sales of Big Merchandisers

Department store sales last month made less than the expected increase from March, dropping the index from 88% of the 1923-1925 average to 81%. However, the spread over April, 1935, reached 8%, with such areas as Cleveland, Chicago, St. Louis, Minneapolis, and Dallas rating 11% or better. Montgomery Ward, partly by virtue of a special sale, set a new all-time high for April. Walgreen, important drug chain, and J. C. Penney also set new records for April.



AND THE GOOSE HONKS HIGH

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MAY 16, 1936

Hull's Trade Policy Wins

French tariff treaty, signed for Foreign Trade Week (May 17-23), is latest result of his three-year effort, which has increased our exports.

EXECUTIVES who handled more than \$4,300,000,000 of foreign business last year—and the 15 million Americans who had a share in these transactions—will celebrate National Foreign Trade Week from May 17 to 23.

Tops on the honor list go to Sec. Hull. In 1933 he formulated a program to revive foreign business. It is not yet completed, but the showing is sufficiently impressive to have won for Mr. Hull the approval of even the most bitter anti-New Dealers. In three years, new trade agreements have been signed with 13 foreign customers who bought one-third of all our exports last year. Since all treaties have been negotiated on a most-favored-nation basis, many of the benefits have been passed along to countries with which new agreements still have not been signed.

French Agreement Signed

Latest of these new agreements was signed with France a week ago. Details have just been revealed and they bring to the secretary of state fresh credit for shrewd bargaining and a determination to make his plan work. France is strongly nationalistic. The French quota system was one of the most troublesome in Europe. French political difficulties have delayed recovery and made business and political leaders wary of making any trade concessions. In spite of these obstacles, Washington has negotiated a new trade pact with Paris, the first comprehensive agreement with France in a century.

The new pact assures the United States that with a few unimportant exceptions, it will enjoy the most favorable treatment which France now or hereafter accords to any country. Duties are reduced on 19 important items, bound at minimum rates for another group of imports coming largely from the United States. Quotas on 44 imports are enlarged or fixed at present levels. In all, nearly 21% of the imports from the United States will benefit. Shipments of these items to France last year were valued at nearly \$25,000,000. They included fruit, canned fish, automobiles and parts, office equipment, and motion picture films.

Though this is the fifth trade agreement with a European country, another

—with Finland—will be signed in a few days, and negotiations are far advanced with Spain. Concessions to the French on wine shipments to this country are likely to tempt the Spanish and Portuguese into prompt action. In addition to these pacts in Europe, an agreement with Costa Rica is almost ready to announce.

Sec. Hull's real triumph is the trade agreement with Canada, this country's second largest customer. Though it has been in effect only since Jan. 1, exports to the Dominion are 10% larger than a year ago, with the pickup accelerating.

Though less than 15% of our exports go ordinarily to Latin American countries, there is a new emphasis on

markets in this part of the world. Seven of the first 13 trade agreements were with Latin American countries, the Cuban pact covering the largest volume of business, but with Brazil an important second.

Pan American Aspirations

Several developments indicate a new determination on the part of the Administration to make more of markets near home. Besides being the first country to get new trade terms, Cuba has had the sympathetic support of Washington in ironing out its troubles. The Philippines have been granted independence, and a similar offer has been made to Puerto Rico. Mexico has pulled out of the depression faster than the United States due to our philanthropic silver buying policy. Finally, Washington has invited all Pan America to join in a conference this summer at Buenos Aires to rewrite treaties on a mutually satisfactory basis. Economic problems are theoretically barred but are likely to be



EXPANDING BUSINESS—Rogers D. Lapham (left), president of the American-Hawaiian Steamship Co., and T. Rieber, chairman of the board, Texas Corp., typify American business as they alight from a plane, climb aboard the *Hindenburg* and set off to survey the expanding foreign markets for United States goods in Europe.

simplified as a result of cooperative discussion of common troubles.

Since the depression low, our total exports have expanded 42%, and there has been a small shift in markets. Europe continues to take about 45% of our goods. Asia—largely due to Japan's rapid increase in demand for our cotton—took 17% of our exports last year, compared with 12% in 1929. Both Africa and the South Sea markets have increased in importance. North and South America are buying a smaller proportion of our goods than in 1929.

Britain Tops the List

Individual markets have shifted. Canada has allowed Britain to slip into first place as a market. Japan has pushed into third place, and Germany has dropped behind France. Cuba and Mexico have become more important. Argentina has slipped from sixth place in 1929 to thirteenth last year.

Japan has been the bogey man in the foreign trade picture during the last four years, though the Japanese still transact less than 3½% of the world's foreign trade compared with 10% by the United States and 15% by Great Britain. With modern equipment, cheap labor, and aggressive selling methods, the Japanese have made serious inroads in a few markets: China, India, colonial empires in Africa, and the countries of Central America (see table) where the volume is small but where Japan has an important share of the business.

Shifting Markets in Central America

Country	Year	Percentage of Imports From—				
		United States	United Kingdom	Germany	Japan	All Others
Guatemala	1926	53.7	12.2	12.5	1.4	20.2
	1933	51.0	13.1	12.5	3.7	19.7
	1934	52.2	9.4	11.8	6.5	20.1
	1935	41.2	11.0	22.5	4.7	20.6
Honduras	1926	82.0	6.5	3.9	0.3	7.3
	1933	73.8	5.1	4.5	1.1	15.5
	1934	70.2	5.4	5.3	3.2	17.9
	1935	64.6	6.1	3.4	10.6	15.3
Nicaragua	1926	69.4	11.0	7.1	0.7	11.8
	1933	62.8	12.9	7.1	1.2	16.0
	1934	58.8	11.9	8.2	4.5	16.6
	1935	50.0	11.7	16.9	6.4	15.0
Costa Rica	1926	55.7	14.4	12.3	0.2	17.4
	1933	47.8	15.4	12.5	2.3	24.0
	1934	46.4	12.6	12.1	6.0	22.9
	1935	34.3	9.1	30.9	6.9	18.8
El Salvador	1926	66.1	8.8	7.5	1.9	15.7
	1933	46.4	13.9	11.9	3.7	24.1
	1934	44.7	13.3	8.3	11.1	22.6
	1935	38.5	14.4	23.1	0.5	23.5
Panama	1926	65.3	8.2	5.2	1.3	20.0
	1933	57.2	8.2	5.8	7.4	21.4
	1934	53.4	7.1	3.4	12.6	23.5
	1935	53.9	6.8	3.9	11.7	23.7

Business Week

Germany has made almost as striking gains in Latin America, particularly in Brazil, Colombia, Chile, and in the Central American countries where the Nazis have revived their coffee and banana business on a barter basis.

The foreign trade outlook is com-

paratively bright. Currency restrictions are dwindling slowly. Business is reviving in most foreign countries as well as the United States. The reciprocal trade program has been accepted by a large enough group of important nations to assure its success. Negotiations are already quietly under way with the British, our best customers. Mexico is expected to be the next large Latin American country with whom negotiations will open. Japan, with a growing restriction problem on her exports, may soon be willing to talk business. The United States lost some ground in world markets during the depression, but Sec. Hull's constructive program is helping to revive this business for American exporters.

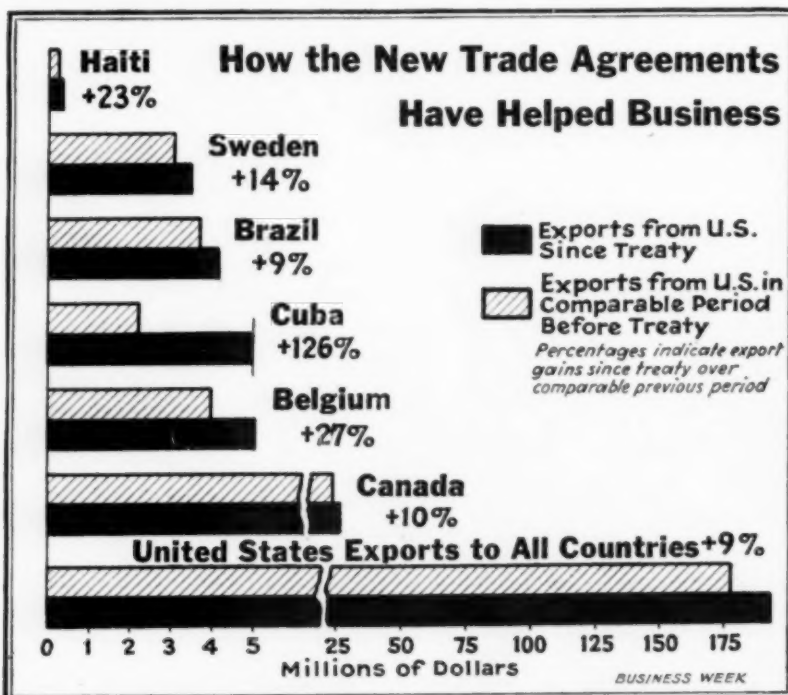
Our Big Exporters

Here are industries that lead in foreign trade. Some approach 1929 totals.

WHAT does export business mean to American industry?

Business Week has checked with leaders in various lines of industry to see exactly what happened to foreign sales during the depression, and what current export business means to present manufacturing schedules.

Office equipment and machine tool makers generally have the largest volume of export sales in relation to total production. Part of this is due to the fact that the United States has comparatively little competition abroad for really comparable products in these two lines. Fur-

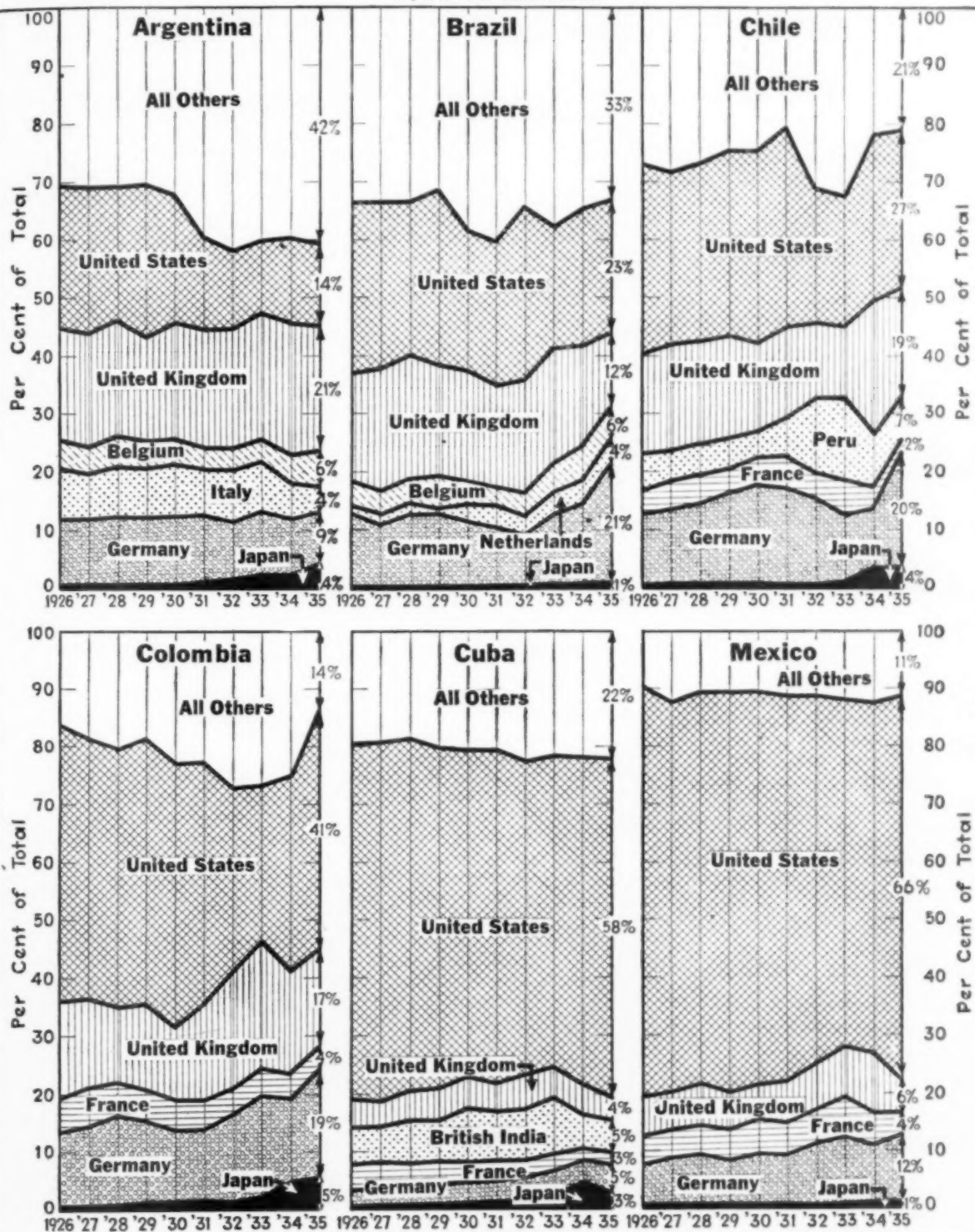


BUSINESS IS BETTER—Washington's new reciprocal trade program is boosting foreign trade. *Business Week* measures the benefits in this chart. Because the pacts have been effective for varying periods (Cuba since September 1934, Canada since last January), average monthly exports under the treaty are compared with the average for the previous comparable period. As a basis for comparison, total export business to all countries for the year ending in March 1936 is contrasted with the previous year.

WHO SELLS TO LATIN AMERICA?

Business Week's Examination of Foreign Trade Shifts Uncovers Some Newcomers, and a Few Oldtimers Who Are Slipping

Imports—Per Cent of Total



The United States Is Still Major Supplier in Every Large Market Except the Argentine. Germany and Japan, With Export Subsidies and Cheap Goods, Are Making Outstanding Gains.

BUSINESS WEEK

ther, in many countries demand is so small that it would be uneconomical to raise tariffs and force us to install branch plants to hold the market.

In the office equipment line, as much as 40% of production is sold abroad. In general, foreign sales are now proportionately a little smaller than in 1929.

Several machine tool companies reflect the keen demand abroad for rush supplies of key machines. Russia and Japan were good buyers during much of the depression. In the last year, retooling of factories and the armament industry abroad have pushed the machine tool industry in this country back onto prosperity schedules. Hardware manufacturers also report a better proportion of foreign business than in 1929. One company says that its exports last year were actually 80% of the 1929 total, and that foreign business accounted for nearly one-fourth of domestic production.

Why Exports Dwindle

Food processors and a part of the chemical industry report dwindling of export business due to the licensing of foreign manufacturers to produce abroad for them, or because they have established branch plants in large markets where tariffs prevent shipments from the United States. This is also true of some of the tire companies.

Manufacturers of farm machinery have not yet built export volume back to its 1929 position, though exports in most cases absorb more than 15% of present output.

Of the newer industries, air-conditioning manufacturers have managed to keep export sales approximately in line with the expansion of domestic business. In almost all cases, they account for less than 10% of current production.

One motor truck manufacturer who started to develop an export business in 1929 reports that exports now absorb 30% of his total production. He has 80 active distributors in 70 different foreign countries and has developed much of his business by mail.

Selling for Banks

Homes they own are sold by cooperative arrangement in one New York county.

THE mutual savings banks of New York State, which own plain and fancy homes here and there as a result of financial miscalculations by former owners, are dishing up a new scheme for selling them.

If you happen to be a mutual savings bank in New York, you probably are also a stockholder in the Institutional Securities Corp., which handles mortgage and management servicing for you and your fellow banks. It is the Institutional Securities Corp. which thought

up the new cooperative method of transforming bank-owned homes back into cash, and Westchester County was picked as the experimental ground.

The method is this: Institutional Securities surveys the sales possibilities of an area in which mutual savings banks own many homes; if ample room for a merchandising drive is discovered, the banks are invited to line up their offerings within the district and to include them in a general blanket list of homes, which Institutional thereupon advertises extensively and peddles aggressively; the principle is simple—no sell, no charge; real estate brokers are used, but if the campaign headquarters makes a direct sale, the owner bank gets all the proceeds, less a 2% over-riding commission for campaign expenses; all homes included are repaired and livable, and each is offered at one definite, non-bargaining price.

The turnover thus far in Westchester County is reported to be gratifying, and local real estate brokers are delighted.

New Farm Friends

Chemists and industrialists unite to study crops as raw materials.

CHEMISTS wrote a prescription this week for the ills of agriculture, at the Second Dearborn Conference of Agriculture, Industry and Science. The meeting was sponsored by the Farm Chemurgic Council and the Chemical Foundation, in a movement which has been inspired in large part by Henry Ford.

The prescription is: Mix industrial research with natural resources and aggressive capital and apply with patience and enthusiasm, wherever agriculture is sick. Five hundred specialists from science and industry participated in the program.

William J. Cameron, Ford keynoter,

quoted Henry Ford as believing that some day he will be able to grow an automobile. This may come through the greater use of farm products as raw materials for the factory, with plastics substituted for metals. He sees far reaching social implications in this new linking of agriculture and industry.

The ideal is still far from realization but Ford's soy bean oil program is an excellent start in that direction. With a production of a million automobiles annually, the Ford company will require more than 450,000 bushels or 28,000 acres of soy beans each year. At present the company owns 12,000 such acres, enough to take care of the present demand.

Politics Criticized

Those professional saviours of agriculture, the political spellbinders, were conspicuously absent from the conference but were not without mention. Chemists pointed out that the answer to the question of surplus farm products is to use them. The politicians have wasted them.

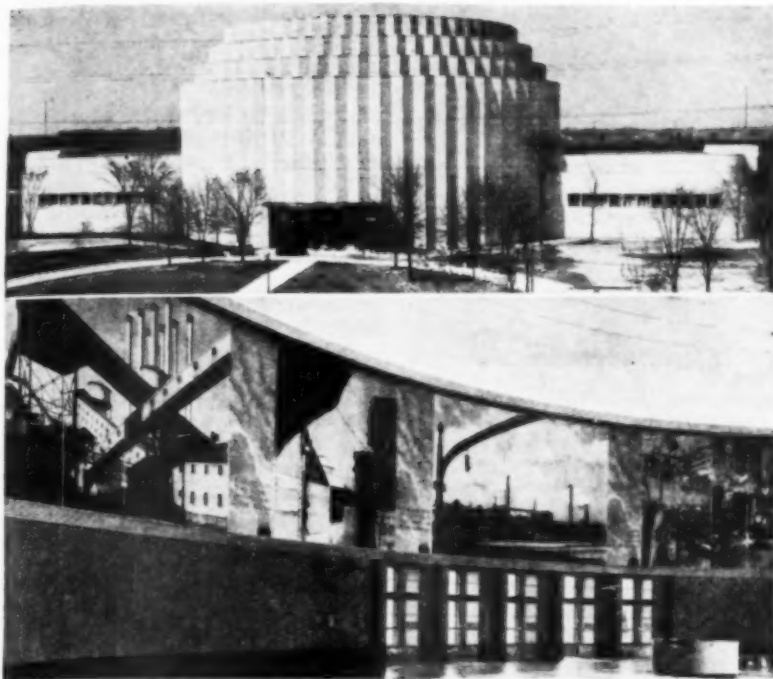
Charles M. A. Stine, duPont vice-president, now the chief apostle of research, summed it up in stating that industry could be used to prevent rather than cure farm ills.

Fred W. Sargent, president of the Chicago & North Western Railroad, estimated industry's stake in farm prosperity at \$10,000,000,000. Howard E. Coffin, chairman of Southern Cottons, Inc., expects the use of cotton as a road binder to partially cure the cotton surplus evil. Joseph H. Choate, Jr., former Federal Alcohol Administrator, argued that development of wine drinking in America could wipe out both farm and liquor problems.

The conference is expected to stimulate research in every direction. It is an organized effort to find a closer coordination between farm and factory.



IT WAS THEIR WEEK—Life Underwriters Association of New York City opened Life Insurance Week last Monday with a breakfast for 2,500 members, got away to a flying start on the national drive for more financial independence through insurance. Speakers at the New York meeting were, from left: Theodore M. Riehle, chairman of Life Insurance Week; Glenn B. Dorr, president of the association; Albert E. N. Gray, assistant secretary Prudential; John A. Stevenson, Philadelphia agent Penn Mutual.



FORD OPENS A GATEWAY—During 1936, the Ford Motor Co. estimates 100,000 visitors will pass through the new Rotunda, opened this week as gateway to the Rouge plant. The air-conditioned, cog-shaped building is opposite the administration offices at Dearborn, was built of Indiana limestone, will be flood-lighted at night. Within, 32 immense photographic murals line the walls, there is a little theater, and numerous exhibits of Ford machines, methods and products.

Senate Listens to Reason

Thrift tax is headed toward compromise as business protests begin to force Washington to think about economics as well as politics.

WASHINGTON (*Business Week Bureau*)—After a rally with two out in the ninth, business forced the Roosevelt tax measure into extra innings in the Senate with chances now favoring a compromise between traditional methods of garnering federal revenue and the new-fangled approach by means of a levy on undistributed corporate income.

Business Gets Help

Definitely, it is a partial victory for the tried. Or, as an ancient economic aphorism puts it: "An old tax is a good tax"—because people are familiar with it. A letter from RFC Chairman Jesse H. Jones to Sen. Harrison, chairman of the Senate Finance Committee, helped business to provide the weight necessary to tip the scales against the Administration philosophy. Mr. Jones observed that the proposed bill threatened to retard new construction and modernization projects and that some exemption should be made for earnings put to such uses. This, supporting the slow-starting but increasingly effective drive of business against the House measure, prompted Sen. Harrison to cast about

for a new scheme and caused President Roosevelt to say that he would be willing to have the House bill revised. Result: Concessions by which the main source of the revenue sought will be from a tax on corporate earnings and a minor portion will be gathered from a surtax on undistributed income.

But no one can tell what the final measure will look like after it (1) passes through the Senate Finance Committee, (2) is voted through on the Senate floor, (3) goes to conference between the Senate and the House and (4) possibly is shunted back to both legislative bodies for enactment following the conference report.

From allusions of Sen. Harrison, it now appears likely that the bill, when ultimately adopted, will cause little or no disturbance to prevalent corporate practice. Heretofore, it has been traditional for business to pay out from 60% to 80% of earnings, usually toward the lower figure.

Under a tentative plan of Sen. Harrison, corporations which paid out 70% of their earnings would suffer no surtax—in other words, they would be able

to go on as before, without suffering a thrift-penalizing tax. Sen. Harrison indicated that he would retain the present 15% corporation tax and, to meet the requirements of President Roosevelt, would place a graduated tax on retained earnings above 30%.

How It Would Work

Whether the Senate will wind up with this scheme is conjectural, but in any case here is a sample snapshot of what would apparently happen to five important companies under the various plans in comparison with actual 1935 taxes:

Company	Est. Actual Tax 1935	Tax Under Treasury Plan	Tax Under Tentative Plan
(in thousands—000 omitted)			
Allied Chemical	\$ 2,971	\$ 3,132	\$ 2,971
E. I. duPont	6,459	5,895	6,459
General Foods	2,016	1,340	2,016
General Motors	29,466	30,519	30,094
Western Union	928	1,577	1,257

From this table it can be seen that no set rule can be laid down as to whether taxes will increase or decrease under the new ministrations of Congress. In the case of General Foods, the erstwhile Treasury plan would have reduced taxes, because the company pays out such a large proportion of earnings to stockholders; likewise duPont. On the other hand, Western Union, because in 1935 after several lean years, it conserved earnings, would have had its bill hiked by the Treasury plan. The tentative (Harrison) plan would do two things—give business a chance to plough back earnings and yet retain the undistributed profits tax principle on undistributed earnings in excess of 30%. Its effect can be noted on Western Union and General Motors.

A Blow to Expansion

The Treasury tax, on the other hand, would have operated in an unpredictable fashion. Corporations which paid out in dividends 55% or more of earnings would get a reduction in taxes; corporations which paid out in dividends less than 55% would be severely penalized. Net result: There would be no way of calculating what amount of tax the Treasury would receive and the possibility of corporations' using earnings for expansion would be virtually nil.

The Treasury counted on regaining in direct levies on personal incomes from dividends what was lost in corporation taxes. But, at the very best, the amount would be conjectural and speculative.

Now, the Senate, by altering the Presidential scheme, will accept in diluted form the philosophy of a tax on undistributed earnings, but the tax probably will be graduated and more moderate; at the same time, concession is made to business to retain the former tax base of actual income to provide the bulk of revenues.



SAME, BUT DIFFERENT—These two houses illustrate the variance in design of Kelvinator's new air-conditioned homes. The dimensions are the same (24 ft. x 27 ft.) and each has brick veneer finish, three rooms on the first floor, three rooms and bath on the second floor. By variations in doors, windows, roofs, and exterior painting, however, a certain degree of individuality is assured the home owner. Eleven of these houses have been built by Kelvinator thus far, in Detroit, and the company's 1936 home-selling campaign will be limited to the area surrounding that city.

\$6,000 Air-Conditioned House

Kelvinator makes a bid for mass market. Offers houses at various prices, all under \$10,000. Includes "package" of conveniences.

THE butcher and baker will enjoy the benefits of year-round air-conditioning before the banker and broker, according to a program launched by Kelvinator Corp., Detroit. It has worked out plans for building and selling for around \$6,000 houses equipped with conditioning equipment and engineered so that air-conditioning can attain maximum efficiency at the least possible operating cost.

Attempts to air-condition homes have been confined largely to houses valued at \$10,000 or more, with greatest emphasis on structures considerably higher priced. Kelvinator is dipping into the vastly larger market at \$6,000 to \$7,000. In cooperation with local utility companies around the country, such as Commonwealth Edison at Chicago, it is erecting houses at these retail selling prices to demonstrate what can be done in completely engineering and designing a house for all-year air-conditioning.

The Kelvinator Package

In Detroit Kelvinator has built 11 homes to sell within the \$6,000-\$7,000 range, including the lot. Each house is equipped with a "Kelvinator Package," consisting of boiler burner unit to heat the house, air-conditioner, condensing unit for cooling the air, comfort damper system for night cooling, duct system for proper distribution of heat in winter and of cool air in summer, awnings at west side of house, six-cubic-foot Kelvinator refrigerator, and Kelvinator electric range.

With the Kelvinator package the com-

pany gives installation, one year's free service, personal instructions in operation of the system, complete plans and specifications for construction of the house, and supervision of the job. Tests show operating cost to be \$183 a year, of which \$73 is for oil and \$110 for electricity. This sum includes the air-conditioning apparatus, oil burner (to heat year-round supply of domestic hot water as well as house), all electric domestic appliances, electric lighting.

Dimensions Standardized

Houses built to Kelvinator specifications, without lot but with Kelvinator package, cost \$4,872 to \$5,377. They have living-room, dining-room and kitchen on first floor (the top price houses also have a breakfast nook), and three bedrooms and tile bath with tub and shower on second floor. Each house is of brick veneer, is 24 feet by 27 feet, is designed so that either dimension can face the front of the lot.

Special features claimed for these houses: each differs from the other in exterior appearance so that no two in a row look alike; each is designed to secure maximum livability; low cost to owner for original investment and upkeep; each contains modern conveniences usually associated with much higher-priced houses.

Houses are designed to get most efficient use of air-conditioning equipment. Walls have 3½ inches of rock wool insulation and the roof 4 inches. Windows and doors are weather-stripped. Awnings at the west keep off the sun's rays in summer. "Night cooling"

drives out warm stale air from the house on summer evenings and pumps back in fresh clean air to make sleeping comfortable. All equipment is concentrated in one section of the basement, with overhead pipes minimized in number.

These houses have been appraised liberally by the Federal Housing Administration (appraisals based on 15% for livability, 20% for layout, 20% for structural soundness). The top price house, without lot or garage, sells for \$6,230-\$5,377 for construction expense, including the Kelvinator package, \$538 for builder's profit, \$315 for selling commission to real estate dealer. Cost of lot is estimated at \$800.

Kelvinator's campaign for 1936 is limited to the Detroit district, where the company is working with architects, builders, and real estate men to merchandise its modern houses.

Complete, at Low Cost

Kelvinator believes that modern house construction must be built around latest manufacturing and scientific developments, foremost of which is air-conditioning. There is much confusion today in the public mind as to what air-conditioning really is, because so many products have been marketed under its name. Kelvinator is trying to make available to the public complete air-conditioning, which means proper heat in the winter and cool air in the summer. The only way to do this, it feels, is to bring the price down to suit the pocketbook of people who have less than \$10,000 which they can afford to spend for a house.

To educate the public regarding air-conditioning, Kelvinator has established the Temperature Research Foundation in New York. It will serve "as a clearing house of information on all phases of the subject of temperature research," will prepare and distribute pamphlets by leading authorities.

Rail-Truck Collision

North Carolina truckers assail railroad rate cuts for regaining gasoline shipments.

NORTH CAROLINA truckers are battling desperately to block heavy reductions in railroad rates on gasoline moving from water terminals. Major oil companies are not affected. They contract with independent truck outfits for bulk hauls of their products. Truckers have taken the fight to the state courts.

The drive of the railroads to recapture the oil business is of great significance. If the proposed rates for North Carolina lure back the traffic, similar schedules will be inaugurated all along the South Atlantic seaboard.

In August last year the railroads took

a deep chop at rates on gasoline moving inland. Trucks did better than hold their own, one estimate being that 60% of North Carolina movement of oil commodities is by highways. So the railroads made a second deep cut. For one 127-mile haul out of Wilmington the normal rate per 100 lb. is 30¢; last

year's cut reduced the gasoline rate to 20¢; the proposed scale is 10¢.

Truckers claim some of the new rates are lower than trucking costs. They have demanded that the courts prevent the reductions. Injunctions have been asked and the cuts have been attacked via the state anti-trust laws.

Angry Over B. & O. Truck Tieup

Other railroads outraged at affiliation with Keeshin for motor-rail-motor package service. Interstate Commerce Commission may delay the deal.

WASHINGTON (*Business Week Bureau*)

—By joining with Keeshin Transcontinental Freight Lines, Inc., in motor-rail-motor package freight service, the Baltimore & Ohio Railroad has outraged competing roads. Loose talk about a rate war is premature, however, as intervention by the Interstate Commerce Commission is certain.

B. & O.'s action flouts the policy adopted last fall by the Association of American Railroads that none of its members should establish joint rates with truck lines that invade the territory served by other roads. Such policy declarations by the association are not binding, however, except by a three-quarter vote of its board of directors. If it comes to a showdown, B. & O. can resign from the A.A.R.

In this coordinated road-rail service, the shipper's only contact is with Keeshin, as B. & O. will perform only an intermediate service. Trailers will pick up freight and haul it to the rail station where they are loaded on flat cars. At destination they are taken over by tractors for delivery.

Container Car Users Oppose

Shipments handled in this fashion will take the same rates as if hauled the entire distance over highway. The new service is plugged by B. & O. as the only effective method yet proposed for meeting truck competition. The loudest protests seem to be coming, however, from other railroads such as the New York Central and Pennsylvania, which operate a container car service, by which demountable units are transferred from truck to flat car and vice versa for pickup and delivery. (Central and Pennsylvania, incidentally, were the leaders in the fight on the 2¢ passenger fare, approved by B. & O.)

The B. & O.'s road-rail service will cover its entire system, including the Reading and Jersey Central to New York. Local traffic on these lines will not be included. In addition, B. & O. will inaugurate its own pickup and delivery service in common with other Eastern roads on May 25 (*BW*—May 9-'36, p16).

The deal with B. & O., by which the railroad and the motor carrier divide the rate paid by the shipper, is the outgrowth of similar plans promoted by J. L. Keeshin. Keeshin Motor Express Co. filed with the ICC May 9, to become effective June 8, a tariff establishing joint rates with Chicago Great Western and the Clinton, Davenport & Muscatine Railway, in which 42 motor carrier lines are listed as concurring. Trailers will be shipped on flat cars to destination. The motor carriers performing pickup and delivery offer a cartage allowance of 5¢ per 100 lb. in lieu thereof on freight delivered to or picked up at their own terminals. This would confine their operations on such freight to the haul between their own terminals and railroad freight stations.

A previous approach to establishing

a road-rail service by utilizing flat cars for the rail haul was made some time ago when Chicago Great Western filed a tariff naming rates for trailers and trucks. Operation of this tariff was suspended by ICC and is still under investigation.

Truckmen comprising the Illinois-Minnesota Motor Carriers Conference are seeking a similar arrangement with one of the roads operating between Chicago and the Twin Cities. The plan contemplates operation of a train of flat cars daily in each direction. Concurrence by the railroad in the freight classification and tariffs of the Illinois-Minnesota group would extend over-the-road truck rates to the coordinated service. Truckmen will save payment of Wisconsin license and permit fees and a ton-mile tax on interstate trucks passing through the state.

Keeshin's New England Move

This week the ICC began holding hearings on Keeshin's application to enter New England. Keeshin Transcontinental Freight Lines (a holding company, half owned by Mr. and Mrs. Keeshin, the other half by Lehman Brothers) wants to buy for \$250,000 the stock of Seaboard Freight Lines, Inc., of Connecticut, and three affiliated companies. These lines, through a holding company, Motor Carrier, Inc., are wholly owned by Lehman Brothers.

Other truckers objected to Keeshin's entering New England. So did the New York Central, the New Haven, and the Erie.



ONLY YESTERDAY—Just ten years ago the tire on the left was the newest thing in automobile casings. Tire No. 250,000,000 from the Goodyear plant gives some idea of the greater strength and wearing qualities built into tires by the rubber industry today as it raises prices, raises wages, begins a busy summer. Goodyear officials inspecting the Double Eagle Airwheel and its predecessor are, from left: B. Darrow, acting factory manager; P. W. Litchfield, president; L. E. Judd, advertising director; L. H. Shepherd, assistant sales manager.

Roosevelt Wins on Relief

House passes bill as a stopgap till next spring. Hopkins says there should be no permanent relief plan before employment improves.

WASHINGTON (Business Week Bureau) —With no provision for continuing support of a public works program, the \$1,425,000,000 work relief bill is being steered through Congress in strict compliance with sailing directions from the White House. Intended only as a stopgap until next spring, the bill which was finally passed by the House and sent to the Senate May 11 is described by Harry Hopkins, Works Progress Administrator, as a "palliative."

Asserting that relief does not answer

the problem of unemployment, Hopkins had previously warned the House Appropriations Committee against increasing pressure for adoption of any permanent plan of relief. That a permanent plan, in which the federal government must share, will be needed eventually, is conceded by Hopkins but, in line with the President, he contends that there ought to be a greater increase in private employment before that is given consideration.

The WPA administrator endorses

President Roosevelt's proposal to limit the working span of life to the years between 18 and 65 with estimates that 2,000,000 children and 3,000,000 adults outside of these limits are on industrial payrolls today. Thus did the Administration turn back the proposal, sponsored by Rep. Taber, New York Republican, to abandon work relief and hand the money over to the states for distribution as a dole.

Wage Rate Surrender

The Administration's ideas regarding the conduct of the work relief program have changed in some particulars. There was some surprise when the floor managers of the bill accepted an amendment by Connery, chairman of the House Labor Committee, providing for payment of prevailing wage rates. The fight on this issue featured enactment of the \$4,000,000,000 bill a year ago. Union labor lost out at that time but since then WPA's experience, according to Hopkins, "has led us to believe that we should pay the hourly prevailing rate in the community but continue to put a top limit on the amount we pay in a month."

The bill's managers anticipated a Republican coup by barring illegally entered aliens from employment on work-relief projects. This was agreeable to Hopkins who had previously suggested that Congress indicate its intent on this issue.

PWA Left Out

The work-relief budget was cut from \$500,000,000 to \$425,000,000 to allow for an increase from \$246,000,000 to \$308,000,000 to carry the Civilian Conservation Corps at an enrolled strength of 350,000 until Mar. 31 next year. Defeated in the House on a point of order as not germane to the bill, the proposal to divert a portion of the work-relief appropriation for continuing Public Works Administration grants and loans for municipal public works does not promise to fare any better in the Senate. The only possibility is that grants may be made for PWA projects that are acceptable to Hopkins, and the balance of their cost covered by loans from the Reconstruction Finance Corp. Some projects are pending in PWA that could readily be done with relief labor and these, says Hopkins, WPA would gladly undertake.

White Collar Jobs

New York survey indicates the extent of recovery in this field; most new jobs are steady.

WHAT is happening in white collar re-employment?

While it is not typical of the country, New York City is important because

First Quarter Earnings—By Industries (In thousands—000 omitted)

Industry	No. of Concerns	1935	1936	% Change
Aircraft.....	5	d\$421	\$549	Loss to Profit
Apparel.....	4	312	509	+ 63.2
Automobiles.....	8	38,773	66,929	+ 72.6
Automotive Accessories.....	35	16,202	15,005	— 7.4
Building and Supplies.....	11	854	1,305	+ 52.9
Chemicals.....	19	24,110	30,954	+ 28.4
Coal.....	10	2,185	1,608	— 26.4
Drugs, Toilet Articles.....	9	8,374	10,063	+ 20.2
Electrical Equipment.....	5	8,009	11,477	+ 43.3
Financing and Investment.....	17	4,842	6,319	+ 30.5
Food.....	35	27,168	30,538	+ 12.4
Baking.....	8	3,463	4,614	+ 33.2
Breweries.....	6	4,246	4,384	+ 3.2
Confectionery, Soft Drinks.....	11	7,522	7,411	— 1.5
All Other.....	10	11,937	14,129	+ 18.4
Household Equipment.....	14	1,201	1,858	+ 54.7
Machinery.....	22	3,955	6,451	+ 63.1
Merchandising.....	14	1,640	2,674	+ 63.0
Miscellaneous.....	18	2,826	3,465	+ 22.6
Miscellaneous Services.....	8	11	314	+ 2,705.0
Nonferrous Mining & Metal Products	19	3,447	4,760	+ 38.1
Office & Business Equipment.....	6	3,272	4,129	+ 26.2
Oil.....	28	10,511	22,730	+ 116.3
Paper Products.....	10	1,195	1,146	— 4.1
Publishing & Printing.....	8	2,767	3,032	+ 9.6
Radios, Theaters.....	6	4,650	6,548	+ 40.8
Railway Equipment.....	9	866	2,715	+ 213.4
Shipping.....	4	d1,056	82	Loss to Profit
Steel & Iron.....	25	6,524	11,338	+ 73.8
Textiles.....	7	1,410	1,457	+ 3.3
Tobacco.....	6	474	529	+ 11.6
Total Industrials.....	362	\$174,101	\$248,484	+ 42.7
Class I Railroads.....	144	d45,450	*d27,000	Loss Reduced
Utilities.....	43	58,497	57,540	— 1.6
Power and Light.....	30	56,676	55,438	— 2.2
Tractions & Bus Transportation..	13	1,821	2,102	+ 15.4
GRAND TOTAL.....	549	\$187,148	\$279,024	+ 49.1

d-Deficit. *Approximate.

Business Week

GOOD SHOWING—While individual company returns varied widely in the first quarter, only four industrial groups lagged behind last year, coal mining making the greatest decline. Heavy industries continued the gains of last year with railway equipment, oil, steel, automobile, and machinery heading the list. Shipping and aircraft companies turned losses into profits. Though 25% of industrials reported deficits in the 1935 quarter, only 14% indicated losses in 1936, while 70% showed improvement above last year. Utilities declined slightly under a year ago while preliminary estimates of Class I railroads indicate a sharp reduction in losses.

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Illustration: International Dual-Drive Six-Wheel Truck, Model C-55-F, maximum carrying capacity 23,000 lbs., International Six-Wheelers, Dual-Drive and Trailing-Axle, range from 11,400 lbs. up. Wheelbase lengths 168 to 244 in., permitting bodies for a wide variety of application.



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THAT WAS RAILROADING, TOO—One of the earliest models of American locomotives gives the members of the Traffic Club in Chicago a chance to do a bit of checking up on the great strides made by railroads, particularly in the streamline era of the past few years. Executives shown here are, front row from left: Patrick H. Joyce, president Great Western; James E. Gorman, trustee Rock Island; L. A. Downs, president Illinois Central; Samuel T. Bledsoe, president Santa Fe; rear row: Fred W. Sargent, president North Western; H. A. Scandrett, president Milwaukee; W. J. Harahan, vice-president Chesapeake & Ohio; Ralph Budd, president Burlington.

of its large population. A sampling of this market is afforded by the first-quarter survey just made public by the National Employment Exchange.

More Steady Jobs

An encouraging fact is that 86% of present hiring represents anticipated steady jobs; from the fall of 1932 to the spring of 1933 the range was between 60% and 75%, the rest being for casual employment.

Last year saw much of the cream skimmed from the reservoir of "worker talent" in the metropolitan district. The chief demand is for workers who are between 20 and 30 years and have experience. The supply of such workers is running short.

The report points out that the depression prevented youngsters from accumulating marketable business experience. Now employers are having to adjust their expectations. They must take seasoned workers over 30, or if unwilling to do that, take unseasoned workers. In the latter case those under 20 are usually favored.

Gain in Office Work

The report registers to some extent the upturn in office employment for the New York district but shows that conditions are still serious. At the worst of the depression (1932) an average of 72.8 men and 63.4 women applied for every job. Current figures are, respectively, 29.8 and 13. In January, 1929, only 2.9 men and 1.6 women applied for each opening.

The value of special training is emphasized. The report discloses that in

many cases there is a limited supply or pronounced shortage in operatives of business machines. Bookkeeper-stenographers are in great demand and so are legal stenos. Statistical typists and foreign language correspondents have a fair chance of finding work. But it looks pretty bad for assistant bookkeepers, general clerks, collectors, assistant sales managers, salesmen, general stenographers, and others.

Generally, the ratio of applicants to job openings is comparable with the last half of 1930.

More Navy Business

Heavy industries will be specially favored in expenditures to build up to treaty strength.

THE heavy industries are vastly encouraged by the determination to build the U. S. navy to treaty strength and by congressional authority for the where-withal. Spending has already started on the \$244,000,000 available for 1937. The table shown on page 23 tells approximately how some industries will be benefited by direct purchases.

One thing must be remembered: Naval construction is a slow business. There will be no immediate gushing of funds. The outflow of cash will continue, and increase in velocity as the program really gets under way.

The navy is extra-choosy on its specifications. Existing stocks can seldom be used since insistence on the best materials and workmanship means special jobs. This meticulous standard will

Where Naval Construction Money Will Go:

Boilers and engines.....	\$2,300,000
Steel (mills)	14,000,000
Steel (foundries)	1,500,000
Heavy machinery	25,000,000
Machine tools	400,000
Tubing	1,400,000
Electrical cable, wire	800,000
Wire rope	300,000
Radio and wireless.....	1,850,000
Electrical apparatus	3,000,000
Heat insulating materials.	350,000
Chemicals, etc.	2,000,000
Precision instruments*....	450,000

* This amount probably will be augmented by the navy's aviation program.

bring into play an enormous amount of plant capacity.

Armament advocates are delighted since the program means calling back to the shipyards skilled labor which was in danger of losing its aptitude. Men of 125 trades will be affected directly or otherwise. About 85% of construction expenditures will go to labor, whence it will swell all channels of commerce.

Navy files list 1,500 firms as possible suppliers. About 500 companies usually submit bids, from two to 20 on each proposal.

Under the construction act just passed, a long-range program has been announced. It includes: two heavy cruisers ("A" type) to be finished in 1937, one to be finished in 1938; two light cruisers ("B" type) to be completed in 1937, five to be completed in 1938, one in 1939, one in 1940; 37 destroyers to be finished in 1937, 15 in 1938, 12 each year from 1939 to 1941; nine submarines to be completed in 1937, 5 in 1938, 3 in 1939, 6 in 1940, 4 in 1941, 4 in 1942; two aircraft carriers to be completed in 1937, one in 1938. Beyond these treaty strength ships, plans are being prepared for two capital ships which should continue construction for three years after the foregoing program begins to slacken.

Boats and Planes

All this new tonnage must have its auxiliary fleet of tenders, supply ships, hospital ships, tugs, etc. Of these 200,000 tons costing \$175,000,000 will be built during the next 10 years.

The aviation industry expects a zoom in orders. Some \$47,000,000 has been allocated to the navy's air arm. About \$14,000,000 will go to maintenance and repair of existing planes, \$33,000,000 for new ones. Spendings have already begun. Minor items are \$3,000,000 for a concrete basin near Washington in which ship models can be tested and wind tunnels for airplane tests.

Politics aside, the admirals are thanking their stars and stripes that they have a navy-minded president.

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GENERAL  ELECTRIC
AIR CONDITIONING

Making Room for Television

Federal commission will soon begin carving up the radio spectrum, and that means a lot of rivalry. Army and navy oppose commercial interests.

WITH the carving-up of the radio spectrum now just a month away, that whole conglomeration of assorted interests whose business hinges in some fashion on the wireless transmission of auditory or visual images is busy preparing briefs to prove just why they think they are entitled to what piece.

Of course, the actual partitioning (or repartitioning) of the spectrum isn't going to be consummated for a good many months, but it will get off to a flying start June 15 when the Federal Communications Commission begins hearings.

The radio spectrum is public domain, and by act of Congress, the FCC decides who can use it. Without a license—experimental, commercial, or governmental—no transmitter can operate on any frequency. The spectrum begins with frequencies of 10 kilocycles, and engineers estimate that it runs up well above 400,000 kc., but until bigger transmitting tubes are built, 100,000 kc. is the top for all practical purposes.

In that vast range the commercial broadcasting band runs from 550 to 1,500 kc., with an additional band of

100 kc. recently opened up for so-called high-fidelity transmitters. Within these brief limits are fitted all the nation's 600-odd radio stations. Although the FCC hearing will comprise a complete overhauling job, it is not expected that the projected reallocation of these valuable channels (*BW—Dec 21 '35, p11*) will be seriously weighed at this time.

KNX, Hollywood; WJZ, New York; WGN, Chicago; WHAS, Louisville; and WHO, Des Moines, have already filed applications for superpower, involving a boost from 50,000 to 500,000 watts, but even if FCC were disposed to act on the broadcasting reallocation now, it would have to wait for the expected repeal by Congress of the Davis amendment to the radio law, requiring that broadcast facilities be allotted according to population zone quotas rather than on the basis of engineering principles.

In addition to the commercial broadcast band, the spectrum below 30,000 kc. is crowded with wave-length assignments for point-to-point communication for the federal government, municipal

police, ships and airplanes, communications companies, and other commercial enterprises. Although some of these assignments have been made on an experimental basis, they have become so well entrenched that FCC is not expected to undertake any radical revision.

The big point in dispute at the forthcoming hearings will be what to do with the ultra short-wave frequencies from 30,000 to 100,000 kc. This is the field which is expected to accommodate television—if, as, and when it comes. At present, there are relatively few experimental assignments, mostly to government agencies, scattered through this range, but the army and navy are anxious to nail down a sizable chunk of the available frequencies. And that is the one big reason why FCC is pushing the partitioning process right now.

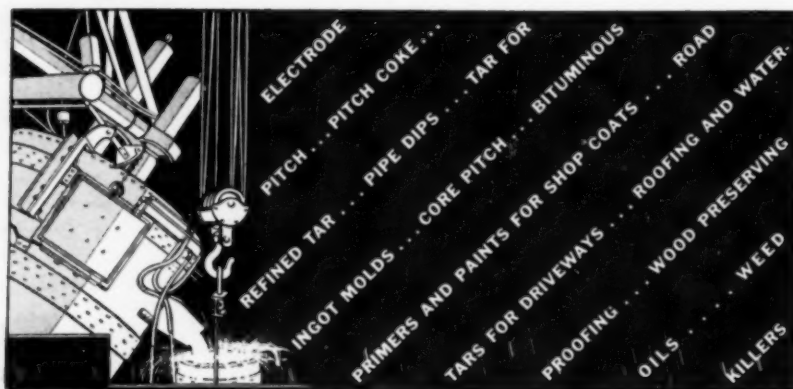
The military's insistence on quick action is reputed to spring from the fact that it has an appropriation for various types of equipment which has to be spent in the not too distant future or be turned back into the Treasury, and before it is spent the army and navy want to be sure about what they will spend it for. Secondly, both branches of the services are supposed to have more than a casual interest in television experiments, the idea being that pictures of the terrain ahead, of gun emplacements, of the enemy fleet would be very helpful if they could be "televised" from scouting planes and received at headquarters.

Television the Unknown

Television, of course, is the big unknown quantity in the allocation equation. No one knows for a certainty just what its physical requirements will be, and the first actual field tests, conducted by the Radio Corp. of America, broadcasting from its Empire State Building studio-laboratory, are not scheduled to get under way until after the hearing opens. Much more exhaustive field test data will be required before the exact needs are known.

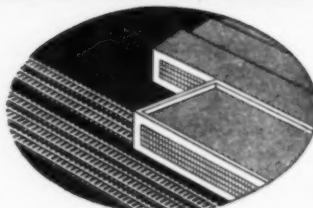
At present, they seem to size up about as follows. The radius of effective transmission above 30,000 kc. is limited by the horizon (about 15 miles, depending on the height of the transmitter). However, the area of possible interference between two stations on the same channel is assumed to be much greater; possibly 100 miles or more. Of course, in television, as in radio broadcasting, interference can be avoided not only by distance separation but by a separation of broadcast channels. In radio, however, 10 or 15 kc. is adequate to accommodate a station and even with the necessary separation allowance to avoid interference the total is only 40 kc. In television, each station will require a band from 4,000 to 5,000 kc. in width (depending on the degree of image definition which is wanted)

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In fact, Dr. Warren M. Persons, famed economist, found in 1934 that the average bill charged by 290 municipal electric plants for 60 kilowatt-hours of energy was *higher* than the bill of 290 comparable private plants. The municipal plants charged \$3.66; the private plants actually charged \$3.80, but 49 cents of this was taxes, so the charge for service was really only \$3.31. Municipal plants are usually exempt from taxes.

The rate survey of the Federal Power Commission found almost a year later that the actual average charge of municipal plants for domestic use of 40 kwh. or more a month was higher than the average charge of private companies for equal use, even without allowing for taxes paid by these companies but not paid by municipal plants.

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and a separation probably of 1,000 kc. at the minimum. Thus, one television station will use up four or five times as much of the spectrum as all the 600 stations in the radio broadcasting band. All of which means that it is a good thing there is as much room above the 30,000 kc. level as there is and that it will be tough on commercial television if the army and navy grab off all the space they want.

Difficult as it may be to make reservations when it isn't known what reservations will be needed, FCC apparently insists on going ahead to avoid the helter-skelter mess which followed on the heels of radio's debut and to get things ship-shape for the international allocation agreements which will be concluded at the Telecommunications Conference in Cairo two years hence.

What's Television's Future?

The biggest enigma of all is the unanswered question of just how big a future commercial television has. First there are patent complications. So tangled are they that observers say neither RCA nor Philco Radio & Television Co., which has rights to Philo T. Farnsworth's important patents, could manufacture equipment for commercial purposes without patent infringements. Certainly, not without a good deal of litigation. The second big question is whether the public could be wheedled into buying expensive, complicated sets. (The ones RCA is setting out for its test contain 30 tubes and 14 controls.)

The answer to that question will be easy when it is known what entertainment values television has to offer. Will the pictures be of clear definition? Can they be blown up for mass presentation? Finally and most importantly—who's going to pay the bill? Cost of production will be terrific, even if it is proved possible to "syndicate" the shows through a chain of stations over Bell Telephone's new coaxial cable. The public looks first of all to the big radio chains, and the chains look to the advertiser. And the advertiser and his agent are keeping mum, just watching.

Farm Lines Growing

Power companies extend service to cover rural areas; work with cooperative associations.

NIAGARA HUDSON POWER CO., now the largest system in the country in terms of energy output, has just announced a 25% cut in finance charges for installment sales of domestic appliances to the farm. This has been done as a further step in advancing rural electrification, in conjunction with local dealers and the Commercial Credit Co.

Under this plan the down payment on a refrigerator may be as low as \$3

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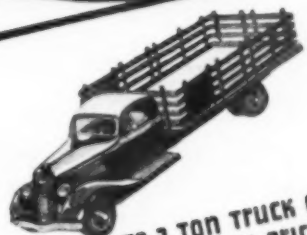


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At its new low price, this 1 1/2-2 ton many-feature quality GMC challenges the field of lowest priced trucks. Challenges with price, appearance and quality refinements that operators will recognize as out-and-out money-making advantages.

\$525
F.O.B. PONTIAC

Time payments available through our own Y.M.A.C. 6% plan

General Motors Trucks and Trailers

GENERAL MOTORS TRUCK COMPANY, PONTIAC, MICHIGAN 1/2 TO 15 TONS



Associated Press Photo

PARALYSIS...

the price of power failure

THIS is Pittsburgh, humming industrial city of half a million people, on that disastrous morning of March 18. No gas. No lights. No elevators.

Thousands of people suddenly without most of the basic necessities of life. Scores of industrial plants paralyzed.

That's what power failure means.

Great and tragic power failures are rare. Thank heaven for that. But in your own plant, as in thousands of others in all industries, there is the constant possibility of this same thing happening with as critical consequences.

But not from floods. No. The commonest cause of power failure is obsolete equipment—boilers pushed beyond reasonable

limits, piping that's too far gone, drives that shouldn't be trusted.

These are weak links that threaten your entire enterprise—production, sales, even your financial set-up. That's not all!

They're such hogs for waste, these weak power links, that the day-after-day savings from strengthening them with modern equipment far exceeds the cost.

What are these "threats" in your plant? And where are they?

Your power man will know. And if your plant is typical he can, by removing them, cut your power costs in *half*, and at the same time insure you against the great and sudden loss that comes from a "plant without power."

330 W. 42nd Street
ABC

POWER
A McGraw-Hill Publication

New York, N. Y.
ABP

instead of the customary 10%. Payment time may be extended to 36 months instead of the former 18 to 24 months.

Popular interest in rural electrification has been growing steadily since the idea has been promoted by the New Deal. But there has been no striking increase in farms actually electrified.

The record of the past ten years is:

Year	Total Elec. Farms	% of Total	No. Added That Year
1926	309,125	4.9	62,975
1927	393,221	6.2	84,096
1928	506,242	8.0	113,021
1929	576,168	9.2	69,926
1930	649,919	10.4	73,751
1931	698,786	11.1	48,867
1932	709,449	11.3	10,663
1933	713,558	11.4	4,109
1934	743,954	11.8	30,396
1935	788,795	12.5	44,841

Meanwhile the average energy consumption per rural customer has generally increased. In Rocky Mountain and Pacific States it was lower, due to irrigation load, affected by rainfall.

More Aggressive Policy

Under the gathering momentum of the movement, power companies have adopted a more aggressive policy toward rural extensions than in the past. The utilities are making planned schedules to cover all rural territory in their areas not yet served, budgeting the amount of work to be done each year.

Most companies try to sign up the farmer for service in advance of construction. The charge for financing some part of the line is made a separate item on the monthly bill, say \$4 or \$5, distinct from the energy charge. Best progress is being made by those companies who use farm specialists who talk the farmer's language and study each farm's need as the basis of service.

Huge Utility Outlay

Although the Rural Electrification Administration has allotted \$10,000,000 in loans for 52 farm projects, mostly to farmers' cooperative associations, only about \$250,000 has actually been spent so far. REA grants are to finance 9,000 miles of rural lines in 23 states to reach 35,000 farms. The utilities built about 35,000 miles of line last year at a cost of about \$1,200 a mile, to a total of about \$60,000,000.

But REA is just starting. The Senate and House conferees agreed on Tuesday to set up a ten-year electrification program, authorizing \$50,000,000 for next year and \$40,000,000 annually for the following nine years.

At first the power companies were strongly opposed to the local cooperative projects. Wiser counsel now encourages cooperation with them, treating them as wholesale customers entitled to service, and making contracts to operate and maintain the lines, read meters, and

SEE! the grass IS greener!

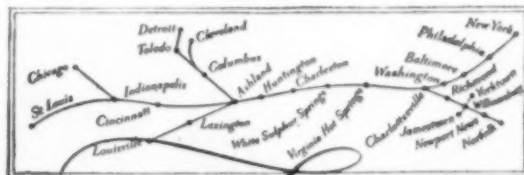


NODOUBT about it, many a manufacturer in search of a new location for his plant has found "greener pastures" in Chesapeake and Ohio Land! By first-hand investigation, one after another has proved to his own satisfaction that nature has endowed this territory with far richer resources—that things not only look better but actually are superior!

Compare these advantages yourself! In Chesapeake and Ohio Land

tremendous sources of basic raw materials are right at hand together with ample supplies of coal, gas and oil. Power costs are low—and American-born labor abundant. In addition, this territory boasts the finest transportation facilities in the world!

Let George D. Moffett, Chesapeake and Ohio Industrial Commissioner, arrange a personal tour of inspection for you. Address your request to him in Huntington, West Virginia.



George Washington's Railroad
CHESAPEAKE and OHIO
Lines
Original Precursor Company Founded by George Washington in 1785



Sound commercial banking serves as a guide by directing credit into the proper channels. The Commercial National Bank offers dependable banking service.

The
**COMMERCIAL
NATIONAL BANK and
TRUST COMPANY**
of NEW YORK
FIFTY-SIX WALL STREET



MEMBER: FEDERAL RESERVE SYSTEM
NEW YORK CLEARING HOUSE ASSOCIATION
FEDERAL DEPOSIT INSURANCE CORPORATION

bill customers. This relieves the farmer group of all responsibility except investment.

Manufacturers are beginning to pay more specialized attention to this field. General Electric Co. has just issued a

book on the uses of refrigeration on the farm, applied to truck, fruit, dairy, and poultry crops. The mail order houses have elaborate handbooks of the wiring materials, appliances, and equipment that the farmer needs and how to use it.

Medicine Makers Clean House

Answering critics of their \$300,000,000 business, they apply a series of public service reforms.

THIS week, at the Hotel Biltmore in New York City, the Proprietary Association junked a 54-year-old tradition. For the first time in their long and febrile career, the medicine manufacturers opened the doors of their annual convention to outsiders.

Those who expected the occasion to satisfy an appetite for the lurid, with just a dash, perhaps, of the necromantic, were frankly disappointed. The convention program was like that of any orthodox trade association meeting—routine committee reports, the usual luncheon addresses, discussion of trade practices and pending legislation.

But if proceedings were a little less than sensational, the portents of the occasion were not. In essence that meeting marks a final break with old policies which have brought the industry into a certain disrepute and made it easy prey for crusading consumers. It signifies a change in attitude. No longer apologetic, the Proprietary Association insists that it has nothing to hide (even its membership list is now public property since the Copeland bill hearings), that it is engaged in legitimate business serving legitimate human needs which entitle it to public protection.

For two years now, the association has been vigorously cleaning house, seeking to erase from the public mind all recollection of the humble, even

humbug, beginnings from which some of its members sprang. It is admitted that there was more than a touch of the charlatan in the old-time medicine man who operated by the light of a gasoline torch from the tailboard of his traveling apothecary-and-minstrel-show. And the snake oil which he purveyed for various and sundry ills was signally lacking in medicinal merits.

But many manufacturers trace their origins not to the medicine show but to the medical laboratory, and even the ex-showmen have come a long way up. Today the patent medicine industry is a \$300,000,000 business; its products are backed by scientific tests and proved values-in-use; its advertising and sales tactics have been made to conform to public interest by state and federal law and by codes of self-regulation.

There remain, of course, a good many manufacturers whose obesity cures, electric belts, and tuberculosis remedies are still hawked about in rural areas and on city streets. Their advertising revenue still pays the printing bills for many a pulp magazine and church paper. These are the manufacturers most frequently featured in orders issuing from the Food & Drug Administration and the Federal Trade Commission, and it is a toss-up whether they or the consumer critics are more of a problem to the reputable factors of the industry.



SELF-REGULATION PAYS—That's what the Proprietary Association has proved by its program of vigorous reform during the past two years, according to President Frank Blair (center) who announced at this week's convention that consumer confidence in packaged medicines had reached its highest point. Dr. Frederick J. Cullen (left) general Washington representative, has led the campaign for improved scientific controls, and Edward H. Gardner has helped regulate the industry's advertising.

Which explains in part the Proprietary Association's endorsement of the pending Copeland food and drug bill and the support which it is lending to municipal authorities in the effective campaign to drive racketeering pitchmen from the streets.

Most common criticisms leveled at the packaged medicine industry by the fomenters of consumer discontent are three in number: (1) the preparations won't do what the advertising for them says they will; (2) consumers are led to attempt self-medication when they should consult a qualified physician; (3) the medicines are economic frauds.

That first criticism proposes the toughest problem which the association has had to face in its clean-up, open-up campaign: how to confine manufacturers' advertising claims to the known merits of their medicines. They have solved it—at least to their own satisfaction—by establishing the first self-imposed system of advertising censorship in industry.

Edward H. Gardner, former head of the Department of Advertising and Marketing of the University of Wisconsin, came to the association almost two years ago to establish this system. Rules and regulations are specific and they go considerably beyond existing legal precedents. Hence, the industry contemplates no difficulty in conforming to the advertising provisions of the Copeland bill.

The Advisory Committee on Advertising will not O.K. any copy which claims to be of any value in the treatment of a list of certain diseases, including the five mentioned in the Copeland bill—Bright's disease, tuberculosis, cancer, infantile paralysis, and heart disease—and a good many others.

Cures Are Out

It insists that products be offered for the relief of symptoms, not for the cure of conditions. Such phrases as "stop that cough" or "cure that cold" are *verboten*, even in a testimonial.

Finally, copy claims must be specific. A product may not be offered for the treatment of anemia, but must specify secondary or nutritional anemia, and if symptoms of an ailment for which any product is offered as a palliative are listed, they must be symptoms which cannot be confused with those of a serious disease.

As for the second consumer complaint, the packaged medicine manufacturers feel that the conservatism of their advertising will greatly reduce the inevitable danger of attempting self-medication rather than consulting the doctor. There is, they point out, no way of preventing people from taking cough syrup to cure tuberculosis short of denying them the right of self-medication and the opportunity to treat common complaints with common and economi-

cal remedies. People have always attempted to doctor themselves, and there is no apparent way to stop them; reasons of privacy and economy are too persuasive.

To the third argument, that of economic fraud, the association issues a blanket denial. Mass production and mass distribution (even with the advertising costs which run up to 30% and 40% of net sales price) make possible the same savings as in any other type of product. Tangible proof of the economy of ready-made drugs, as against the tailor-made product, is available. One manufacturer took the formula for a well-known antiseptic to five druggists and asked to have it filled. Prices ranged from 55¢ to 85¢ for an 8 oz. bottle; the manufactured product sells in a 14-oz. bottle at a top price of 60¢. Furthermore, only one out of the five prescriptions was made with ingredients which fully conformed to standards of the United States Pharmacopoeia.

Price Analyses Misleading

Manufacturers are particularly wroth at the price analyses which Consumers' Research and other organizations quote, designed to prove that the actual ingredient costs are only a fraction of the sales price of popular medicines. Such analyses, they say, fail to take cognizance of the quality of ingredients and the great variation in prices between crude and refined ingredients. (On this ground the association has consistently fought any provision in the food and drug bill which would require ingredient listing on the label; it would encourage substitution without any guarantee of quality uniformity.) Secondly, such comparisons are frequently based on prices for quantities which few manufacturers and no consumers can buy.

Despite all the agitation which has been aroused by CR and kindred groups, consumer confidence in the nationally advertised remedies has never been higher, say the manufacturers. They cite the sales records of three of the biggest factors in the field—Sterling Products, American Home Products, and Bristol-Myers—to substantiate this assertion. In 1929, their total volume was \$45,030,416. In 1934, it was \$51,968,618. Last year, it soared to \$57,723,228.

This record, medicine manufacturers take as convincing evidence that it has paid them to take the public into their confidence, rather than attempt to hush up criticism and maintain intact the industry's traditional shroud of secrecy.

The job isn't done yet by a long shot—there are a few irreconcilables still in the association's ranks, a few old timers whose products and public reputations are none too savory—but agreement is general that Pres. Frank Blair's far-sighted public relations policy is pre-eminently the right one and the one that's going to pay the most dividends.

For EVERY BUSINESS

NEW
AMAZING ELECTRIC
TIME CLOCK
for only
\$95



Here's a new electric time recorder that possesses the advantages of previous recorders *plus*.

The new Stromberg Time Recorder is operated with one hand and is less than one-fourth the size of other recorders. It is of rugged construction and can be plugged into an A.C. electric light socket (or may be used with a control clock). Full-size type and time cards used. And it sells for less than half previous prices!

Here is just the recorder to provide the *record of employment* required by the Social Security Act. Why spend money for expensive repairs on an old-style recorder when the cost of those repairs, *plus the trade-in allowance on the old recorder*, may practically, if not entirely, pay for this new and modern recorder. Write today for free booklet.

STROMBERG ELECTRIC COMPANY
238 West Erie Street, Chicago, Illinois
OFFICES IN ALL PRINCIPAL CITIES

*Stromberg Time Recorder Co. of Canada, Ltd., Toronto and Montreal
Manufacturers of Employees' In-and-Out Recorders,
Time Stamps, Job Time Recorders, new All-Metal Time
Racks, commercial and advertising clocks, etc.*

***** (Paste coupon on post card if you desire) *****
STROMBERG ELECTRIC COMPANY
238 West Erie Street, Chicago, Illinois
Please send me illustrated booklet, new Stromberg
Recorder, Model No. 15. No obligation.
Company _____
By _____
Street _____
City _____ State _____

Armco and Its Labor Army

Company with 15,000 employees has never lost a pound of production because of labor trouble. Personnel policy is in hands of expert staff.

WHEN business men get together to talk over the problems of employer-employee relationships, they usually get around, sooner or later, to the story of American Rolling Mill Co. and its eminent success in family management. In the Armco plan are many things which can be, and have been, adapted to the internal workings of other concerns.

Yet Armco would be the last to claim priority, or God-given ability, in doing a hard job and doing it well. "We have not done anything unusual," says C. H. Murray, assistant to Pres. Charles R. Hook, "but have just attempted to maintain as sincerely as we could that relationship with all those in any way associated with our business that we would with any friend." On that basis, Armco presents a widely-scattered organization which is one ambitious, loyal, and competent force.

The story of Armco begins with the turn of the century, and the story of its close attention to labor relations begins at the same time. Yet it was not until nearly two decades of testing and revision had run their course that George M. Verity, chairman of the board of directors, reduced the whole plan to writing and set it before his associates for approval. The policies then were published (in 1919), and today the actions of all administrative or supervisory workers must be squared with those fundamental premises.

Triple Foundation

As expressed today by Pres. Hook, Chairman Verity, and other officials of the company, the foundation blocks of the Armco plan are confidence, good will, and a square deal. In the policy broadcast for all to read is this paragraph, pledging the company:

"To make every possible effort to develop and maintain a contented, efficient, loyal, aggressive organization, who believe in their company, to whom work is a pleasure, and to whom extraordinary accomplishment is a personal ambition."

That might be stated by any employer—but actually putting it over is a never-ending job. Before he can show any results he has to study the worker, learn his philosophy, teach him company policies and methods, sell him on the value of cooperation and on his (the employer's) fair-mindedness. Some employers think it isn't worth the trouble. Armco and a lot of other successful companies think it is.

Although the company is very large, its management has never relinquished

its personal interest in maintaining satisfactory relations with employees and the public. Pres. Hook still spends a major portion of his time on human problems, and the personal relations staff reports directly to him.

Greatly decentralized, Armco maintains a headquarters staff, under supervision of Mr. Murray, with division supervisors heading Employment and Insurance, Safety and Training, Compensation and Production Standards, Employee Publicity, and Public Relations. This staff develops new activities, coordinates activities among various plants, and advises with general managers and plant managers on their several problems. Every man in this setup is trained and experienced in personnel work.

Each plant, too, has its own industrial relations department, under direct supervision of an assistant to the works man-



HE UNDERSTANDS—Pres. Charles R. Hook came up from the ranks in American Rolling Mill Co., and knows the employee's viewpoint thoroughly. He still spends a great deal of time on personnel problems, cites Armco's record as proof that "understanding" is worth working for.

It Pays to Be Human

Friendliness in dealing with employees isn't an indication of softness, it's good business. That is the unanimous report made to *Business Week* in the current survey of employer-employee relations. Modern personnel directors following the "square deal" method are never at a loss when asked if it pays—company solidarity, progress, cash profits are the answer.

ager. He has authority, without which no personnel executive can make a success.

In industry, Armco feels, it is as important to choose your workers well as to choose your friends in daily life. Therefore the employment departments try to select men of whom the company will be proud. Further, to quote Mr. Murray, "we feel a responsibility to those whom we cannot employ, to grant them a prompt and courteous interview. These men are coming to us to sell their services, and deserve a friendly reception as any salesman."

In the same spirit of friendliness, the company looks out for the health of its workers, maintaining medical departments, safety and training divisions to keep the men healthy and happy.

First in Its Field

Believing that men face the future more confidently if they know their families are protected, Armco purchased the first group life insurance policy in the steel industry, in 1917, and since that time 850 beneficiaries have received approximately \$1,500,000 in life insurance. Credit unions and mutual benefit associations round out the protective insurance program.

A cardinal point in Armco's creed is that "the mystery must be taken out of business" for the employee. Mutual confidence and understanding has been gained, not only between the company and its employees but between the company and the public, by wide distribution of a series of economic editorials, written originally by Pres. Hook for the plant newspaper and since then reprinted and sent to all manner of business and professional people in the communities where Armco maintains plants. A noticeable increase in good will is the result.

Supervisors and foremen get as much attention, in education and training, as lesser employees. And about a year ago, Armco put some of the "Foreman-Manager" course in a bulletin, offered it experimentally to a few customers and friends. Today it goes to 7,000 supervisors in 1,200 of Armco's customers' plants.

Worth while? Armco has never lost a pound of production because of labor

"WILL THERE BE ANY LEFT WHEN I DRIVE A CAR?"

NO WONDER he asks "Will there be any left?" For the world today spins round on petroleum.

Ten years ago there was widespread concern about a petroleum shortage. Today it is known there will be no shortage of motor fuel in our lifetime, or our children's or grandchildren's. Oil companies have been spending from ten to twelve million dollars a year on research to conserve the supply, improve quality and reduce prices.

One improvement alone, a refining process known as "cracking," has saved the equivalent of 6,600,000,000 barrels of crude oil since 1920. Deeper drilling has opened up untouched fields—it is now possible to drill to a depth of over two miles. More efficient recovery methods are taking oil from pools that once would have been abandoned.

More oil is being discovered all the time. Ten years ago the known U. S.



supply was figured at 5,321,000,000 barrels. Since then more than one and a half times that amount has been taken from the ground, yet the known supply today has expanded to 12,000,000,000 barrels. And experts say that the quantity of oil still undiscovered is enormous.

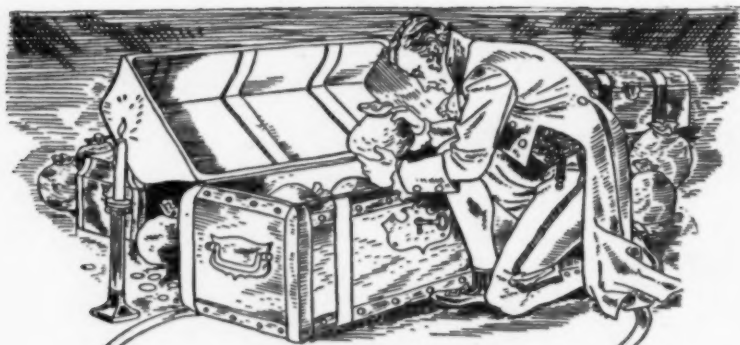
Meanwhile gasoline has steadily improved in quality, making practical the efficient high compression automobile engines of today. And the price per gallon, exclusive of taxes, is now less than half what it was 15 years ago.

In these improvements steel has played a vital part. Special alloy steels that withstand high pressure and temperature made possible the giant "cracking" stills. Tougher, harder steels assisted in the deeper drilling of wells. Stronger, rust-resisting steels helped lower transportation costs through 112,000 miles of pipelines, and countless tank ships, tank cars, tank trucks, pumps and underground reservoirs. Steel and oil are inseparably linked together. As the oil industry prospers and progresses, so does United States Steel.

AMERICAN BRIDGE COMPANY • AMERICAN SHEET AND TIN PLATE COMPANY • AMERICAN STEEL & WIRE COMPANY
CANADIAN BRIDGE COMPANY, LTD. • CARNEGIE-ILLINOIS STEEL CORPORATION • COLUMBIA STEEL COMPANY
CYCLONE FENCE COMPANY • FEDERAL SHIPBUILDING AND DRY DOCK COMPANY • NATIONAL TUBE COMPANY
OIL WELL SUPPLY COMPANY • SCULLY STEEL PRODUCTS COMPANY • TENNESSEE COAL, IRON & RAILROAD COMPANY
UNIVERSAL ATLAS CEMENT COMPANY • United States Steel Corporation Subsidiaries



UNITED STATES STEEL



We'd just as soon go back to keeping our money in a wooden strong box as do without Ediphone Voice Writing.

BANK SAVES TIME! INCREASES BUSINESS CAPACITY 50%

(From Edison case histories of the World's Business)

All banks know how to save money. Today, many save TIME with Ediphone Voice Writing.

One bank reports that before Voice Writing was installed in its Real Estate Loan Department, dictating had continued as late as midnight. Property-owners would come in during the day and interviewers would scribble notes, but secretaries weren't always available to take the information gained. Now—with Ediphone Voice Writing, dictation proceeds immediately after each interview, without waiting for secretaries. Work can't pile up—business capacity has increased 50%.

Your business requirements are different. But the Pro-technic Ediphone

guarantees to increase the capacity of your dictators from 20% to 50%. Ediphones stand ready . . . waiting . . . whenever needed. Correspondence can be conveniently handled . . . phone calls instantly set down . . . fleeting thoughts "captured."

For details of the new Edison "You-Pay-Nothing" Plan, Telephone The Ediphone, Your City, or write to —

Thomas A. Edison
INCORPORATED
ORANGE, N. J. U. S. A.



trouble. The company started in 1900, with \$200,000 capitalization, 250 employees, in the face of severe competition; today the capitalization is \$150,000,000, employees number 15,000, plants and representatives are scattered all over the world.

"Could this record," asks Armco, "be the work of 15,000 interested, enthusiastic men—or 15,000 clock punchers?"

Day's Work at SEC

Unfounded complaints and crank letters come pouring in. Staff investigates.

If you want advice, don't go to the Securities and Exchange Commission for it. This may sound silly, but much of the mail and many of the callers at the New York office are looking for investment counsel. Comes the lady who gave a brokerage house discretionary jurisdiction over her account; perhaps it shrank in a rising market and the broker's judgment looks pretty sour. But that's a case for the courts, not for the SEC.

Then, too, they get their anonymous "crank" letters. During the recent break: "Look at the market now. Why don't you do something about them trying to beat Roosevelt this way?" Just who "them" is, the New York office isn't sure, nor does it care. It has other worries.

Very Few Justified

Yet Ernest Angell, new regional administrator, is rather surprised that the office doesn't get more requests to do something for a public which never has known much about the stock market excepting that it was "in" with the hope of getting something for nothing. To be sure, customers always will complain that they get bad execution, but these letters are turned over to the New York Stock Exchange business conduct committee and not 1 in 10 proves justified.

So much for what the SEC doesn't do. Sharp-eyed, slender, bronzed, incisive Mr. Angell will tell you that he has been at the helm in New York too short a time really to paint the picture of what the office does, but his words belie his claim that six weeks haven't qualified him to tell the story of work done and work planned.

More Than Manipulation

First off, manipulation is by no means the biggest worry. He feels that it probably exists when a market goes up for more than a year, is sure that it must be in the minds of many operators whether they go ahead or not. And the New York staff spends plenty of time scanning the tape for unusual price swings and trading volume. These things are run down and action taken when the commission feels it is war-

ranted—Mike Meehan, White Weld & Co., etc.

Another matter requiring constant investigation is margin—are all brokers observing the letter of the rule? Many are not, and Mr. Angell has undertaken to find out why. To start with, many of the violations are technical and many others are minor. But there is resentment behind them which grows out of the fact that the "Street" feels that the rules were framed by men without real comprehension of the needs; that the rules are too inflexible; that the market is dangerously thin because it costs too much to buy stocks, and that there is, for this reason, no buying cushion when a slump starts. Mr. Angell doesn't take sides—the Federal Reserve makes the rules and his job is to enforce them—but he has given the gentlemen from Wall Street a hearing.

Plenty of Business

Countless less conspicuous investigations are going on each day. Broker-dealer complaints; reports of so and so, whose license was canceled, popping up again; fly-by-night dealers jumping state lines, and many more. There also are recurrent troubles regarding registration—issues sold by intrastate issuers through intrastate channels, but where there is a strong suspicion that they actually find their way out of the state.

And cases where the SEC takes it upon itself to allege fraud. J. Edward Jones, oil royalty man, won one case in

the United States Supreme Court; but this merely concerned the scope of SEC's powers. Now the federal grand jury in New York has indicted him on charges of mail fraud in the sale of oil royalty trusts. Mr. Angell avoids the question, but it is no secret that Washington is gunning for alleged abuses in the oil

royalty field. There are stories of field men shipping in batches of these contracts (through which the owner gets a percentage of oil produced on land he leases); stories, too, of sharp mark-ups. Wall Street wouldn't be at all surprised to see the SEC crack down with new rules.

Small Stock Exchanges Weaker

Nine have ceased trading since SEC took control, but trend began before that. New York gets increasing share of business.

NEW YORK is too much for the small, interior stock exchanges, despite the herculean efforts of the SEC to keep them alive. A trend—long years in formation—is working to exterminate the provincial markets, one by one. Each year a larger share of the nation's business in stocks and bonds moves toward the big financial center in a relentless, death-dealing tide. Listing of securities on the New York Stock or New York Curb feeds the corporate ego as well as being an asset in raising capital.

To some extent, the Securities Act of 1934 stimulated the drift toward New York. But what happened after the SEC took over exchange regulation in October, 1934, was merely factual emphasis of a trend which had been in accelerating progress since 1929. Nine

exchanges ceased trading, after SEC control, viz: the California, Louisville, Reno, Hartford, Buffalo, and Denver Stock Exchanges; the New York Mining, the New York Produce, and Boston Curb Exchanges. And by merger, four other markets became two—the Los Angeles Stock Exchange took over the Los Angeles Curb and the Seattle Stock Exchange absorbed the Seattle Mining.

Some of the smaller units suspended because of SEC requirements, others for the strictly material reason of an insufficiency of commissions to keep going. Typical of the situation is the statement issued by the SEC when the Buffalo Stock Exchange decided to withdraw from business Apr. 1: "Volume of trading during the past few years has been so limited that it [the exchange] does not feel justified to maintain an exchange organization."

A Boom Needed

In ceasing trading, the Buffalo and other markets reserved the right to resume, but that contingency depends on a sudden boom in security transactions—a boom which would result in a gargantuan spillover of activity from the major markets to interior auxiliaries. As for the possibility of new business, that is virtually out of the question. What there is of it gravitates naturally to New York, where more than 95% of the nation's investment and speculative transactions are arranged; or it winds its way to the larger exchanges in Chicago, Boston, San Francisco, Philadelphia, and maybe Los Angeles and Detroit.

The problem of the small stock exchange may be summed up in two words: functional obsolescence. Their original reason for existence was to help local industries raise capital. And for a time this function was sufficient to provide enough business to warrant the maintenance of exchange facilities.

But as general industry began to expand and corporate mergers began to take place, the wider and more active markets in New York proved more efficient. The New York market was more satisfactory for new flotations. And the

Where Security Trading Goes

Registered Exchanges	Sales in March	% of Total Sales
Baltimore Stock Exchange.....	\$1,329,243	0.048
Boston Stock Exchange.....	22,912,128	0.828
Buffalo Stock Exchange*.....	177,258	0.006
Chicago Board of Trade.....	330,602	0.012
Chicago Curb Exchange Assn.....	494,451	0.018
Chicago Stock Exchange†.....	26,623,081	0.963
Cincinnati Stock Exchange†.....	784,888	0.028
Cleveland Stock Exchange†.....	1,655,153	0.060
Denver Stock Exchange*.....	19,804	0.001
Detroit Stock Exchange.....	8,044,245	0.291
Los Angeles Stock Exchange.....	9,332,327	0.337
New Orleans Stock Exchange.....	273,497	0.010
New York Curb Exchange.....	303,279,932	10.964
New York Real Estate Securities Exchange.....	1,375	nil
New York Stock Exchange†.....	2,353,860,627	85.094
Philadelphia Stock Exchange.....	12,952,769	0.468
Pittsburgh Stock Exchange.....	3,893,729	0.141
St. Louis Stock Exchange†.....	665,252	0.024
Salt Lake Stock Exchange.....	539,091	0.020
San Francisco Curb Exchange.....	3,533,652	0.128
San Francisco Stock Exchange†.....	15,184,338	0.549
Standard Stock Exchange of Spokane.....	67,477	0.002
Washington Stock Exchange†.....	231,248	0.008
TOTAL.....	\$2,766,186,167	100.000

*Has ceased trading.

†Does not permit trading in unlisted securities; all other registered exchanges do.

The exempt exchanges, which do a purely local business, ran up a total of \$1,147,354 in sales in March, as follows: Colorado Springs Stock Exchange, \$223,126; Milwaukee Grain & Stock Exchange, \$22,272; Minneapolis-St. Paul Stock Exchange, \$485,319; Richmond Stock Exchange, \$230,577; San Francisco Mining Exchange, \$108,546; Seattle Stock Exchange, \$26,780; Wheeling Stock Exchange, \$50,734.

Business Week



SAY *Hotel Cleveland*
TO THE RED-CAP
... and you're there

● Why bother with taxi fare and wasted time when you visit Cleveland? A step from your train, through a covered passage, and you're in our friendly lobby. You can be in your room, refreshed, and out on your first call before less-wise travelers reach their hotels.

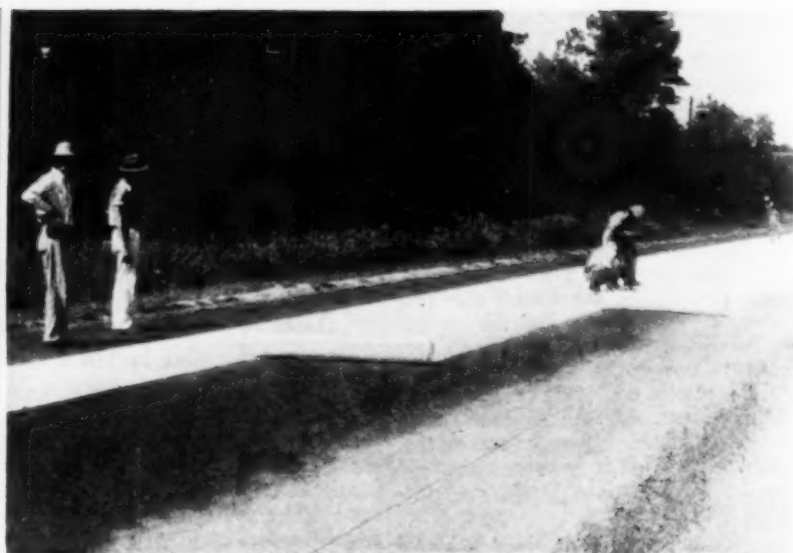
And from Hotel Cleveland you're only a step from any part of the city you're likely to want. The great wholesale houses are just to the west. Federal, county and city buildings to the north. Stores and theatres adjoining and to the east. Great industrial plants up the valley to the south.

Convenience is only one of the many reasons you'll like Hotel Cleveland. There are the delicious meals that are famous the country over. And there is an atmosphere of friendly welcome—genuine interest in anticipating your wants—that makes even a veteran traveling man's lot pretty comfortable after all.



Rooms from
\$2.50 for one,
\$4 for two.

HOTEL
CLEVELAND
Cleveland



MORE COTTON ROADS—Department of Agriculture allocation of \$1,300,000 for field tests on cotton and cotton fabric to reinforce up to 1,000 mi. of bituminous road, add impetus to a well-developed schedule of tryouts for the idea. New Hampshire, New York, New Jersey, North Carolina, South Carolina, Michigan, Indiana, Illinois, North Dakota, and Texas will make experimental installations, with 244 mi. of highway definitely scheduled. This all ties in with National Cotton Week (June 1-6) which will enlist the cooperation of 40,000 retailers, large and small, in a cotton products drive.

rapidity of communications, via telephone and telegraph, minified the time element, which is beneficial only to the West Coast exchanges, which remain open after other markets are closed. (When there is a hectic day on the New York exchanges, it is likely that San Francisco and Los Angeles will do a land-office business as the result of carryover transactions.)

Shifting Business

As the enticements of big center trading drew business away from interior exchanges, they entered into a bastard form of functionality to survive. First, they continued to serve as a market for trading in local securities, though this business thinned out rapidly; second, they began to serve as auxiliary markets for New York in situations of a provincial character. Thus, some trading is carried on in Transamerica Corp. common stock in San Francisco, even though the market on the New York Stock Exchange is far and away more active. Likewise, trades are made in Baltimore in the common stock of Consolidated Gas, Electric Light & Power, although the New York Curb provides the basic market.

There are only seven exchanges which trade in strictly local issues, but their total business is tiny—one-tenth in a month of what the New York Curb does in a day. Under the Securities Act, local exchanges are exempt from registration with the SEC.

The other interior exchanges trade in local and national securities after New York skims the cream.

Trading in unlisted securities provides the bulk of the out-of-New York business. This trading was to expire May 31, but the SEC feared that its sudden cessation would have three un-economic effects: (1) ruin interior exchanges; (2) shift many securities to over-the-counter markets, resulting in a decline in values; (3) accelerate securities concentration in New York. (Incidentally, since the New York Curb's business is primarily in unlisted issues, it would have wrecked this market which in the past has been the main feeder to the New York Stock Exchange.)

Therefore, the SEC has asked Congress to permit unlisted trading to continue for an indefinite period; more than that, it has recommended that new issues be granted unlisted trading privileges. This is counted as a salve to the smaller exchanges. It may help; but it probably will not do much to alter the trend.

Most Likely Survivors

A few exchanges, deeply tied in with sectional speculation and investment, will survive. These are markets located in large cities, closely in touch with New York so that their bid and ask quotations are integrated with New York prices. In this group are the Chicago, Boston, San Francisco, Philadelphia and possibly Los Angeles and Detroit Stock Exchanges. For the rest (except for the seven purely local, exempt exchanges), the tide of business probably is still going out; certainly it has not begun to come in.

CHEVROLET



*Beauty is only half the story of
the only complete low-priced car*

NEW PERFECTED HYDRAULIC BRAKES

SOLID STEEL one-piece TURRET TOP BODIES

IMPROVED GLIDING KNEE-ACTION RIDE*

GENUINE FISHER NO DRAFT VENTILATION

HIGH-COMPRESSION VALVE-IN-HEAD ENGINE

SHOCKPROOF STEERING*

*Available in Master De Luxe models
only. Knee-Action, \$20 additional.

**GENERAL MOTORS INSTALLMENT PLAN—
MONTHLY PAYMENTS TO SUIT YOUR PURSE**

A GENERAL MOTORS VALUE

CHEVROLET
FOR ECONOMICAL
TRANSPORTATION

Seeing is believing that the new 1936 Chevrolet is the most *beautiful* low-priced car of the year. But beauty is only half the Chevrolet story. . . .

This new Chevrolet is as *safe* as it is beautiful . . . as *thrilling* as it is safe . . . and as *comfortable* to ride in as it is thrilling to drive!

You will enjoy *all-round* motoring satisfaction when you own one of these new Chevrolets, because it brings to you New Perfected Hydraulic Brakes and a Solid Steel Turret Top Body for maximum security; a High-Compression Valve-in-Head Engine for finest performance with economy; and Knee-Action Wheels,* Shockproof Steering* and Genuine Fisher No Draft Ventilation for greatest comfort and safety.

All things combine to make the new Chevrolet for 1936 complete beyond any other car in its price range.

You who want luxurious motoring at low cost will find the perfect answer to your desires in this *only complete low-priced car*.

CHEVROLET MOTOR COMPANY, DETROIT, MICHIGAN

Stamp Show

Philately reveals an investment side at international exhibition.

THE neon lights outside on Lexington Ave., New York, this week blaze "Stamp Show" but the chaste catalogue distributed inside the massed doors of Grand Central Palace says in full dress black upon starchy white, with curlicues at the bottom of each page, that it is Third International Philatelic Exhibition—three solid floors of postage stamps, worth seven or eight million dollars, insured for five or six.

For those interested in the business side of the show there were highly practical high points.

Tremendous Rise in Prices

The Scott Stamp & Coin Co. catalogue, Encyclopedia Britannica of the profession, would seriously seem to prove that prices of standard rare stamps have gone up about 319% since the depression began. A dealer from Detroit asserted at the show that he had personally borrowed 80% of the value of his stamps at a Detroit bank. Other dealers swore they knew of banks that had bought stamps as investments, knowing that these could be used for postage if worst came to worst. The late King of England's collection was asserted to be in no way overhanging the market, although it was worth four million dollars, not the miserable two million put forward by the lay press.

President Roosevelt helped the show publicity. Mr. Farley sent a real stamp printing machine with the best-looking and softest-voiced staff of lady printers in all Washington. The great Eckener found time to attend to thank stamp addicts for their virtual financing of the world Zeppelin cruise.

It was asserted, and one could believe it by the stock exchange atmosphere of the place and its 40 booths where stamp merchants discussed and disputed, that Manhattan is from this moment on the stamp collectors' center of the world.

United Beer Front

National brewery associations may merge to fight drys.

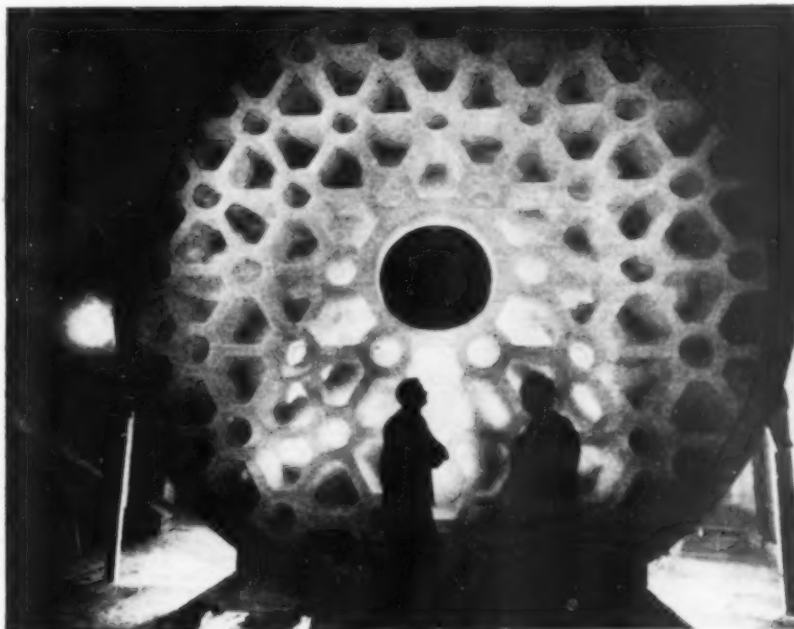
FOLLOWING tommyhawk obsequies in Chicago last month, the three national brewery associations announce a tentative plan for consolidation. Suggested name for the combined organization is the United Brewers of America. Membership of the U. S. Brewers, American Brewers, and Brewing Industry, Inc., must approve to make the merger effective. The new association would perfect anti-prohibition strategy and plan a co-operative advertising campaign (BW—Apr 4 '36, p14).



6 Years Saved

BY STURTEVANT AIR CONDITIONING

in grinding world's largest telescope mirror



Giant 200 inch telescope disc recently completed at Corning Glass Works, Corning, N.Y. Will be ground and polished in windowless Sturtevant-Air-Conditioned Optical Building, California Institute of Technology, Pasadena, Cal.

AT California Institute of Technology, Pasadena, the job of grinding and polishing a huge 20-ton mirror for the world's largest telescope will soon start.

A tedious 9 year job...ordinarily. But... it is estimated that the work actually will be completed in 3 years! Time saving made possible by Sturtevant-controlled air conditions.

This is a striking indication of the product-improving, cost-cutting possibilities of Sturtevant Industrial Air Conditioning. Here, it not only is making possible a

remarkable saving in production time and an extremely high degree of precision... it is also contributing materially to the comfort and efficiency of workers.

The air conditioning system of the Optical Building, California Institute of Technology, was designed and installed by Cooling and Air Conditioning Corp., subsidiary of...

B. F. STURTEVANT COMPANY

Main Office: Hyde Park, Boston, Mass.

Sales Offices in 40 Cities. Plants at Hyde Park, Mass.; Framingham, Mass.; Camden, N.J.; Sturtevant, Wis.; Berkeley, Cal.; Galt, Ont. B. F. Sturtevant Company of Canada, Ltd. Galt, Toronto, Montreal.

Sturtevant

REG. U. S. PAT. OFF.

Puts Air to Work

WORLD'S LARGEST MAKERS OF AIR HANDLING AND CONDITIONING EQUIPMENT



Who's Right on Crop Outlook?

Government estimates are a mixture of cheer and gloom. Private commentators say its winter wheat figures don't make enough allowance for rains.

MOST of the Dust Bowl has had the best rains in five years but crop prospects in the Southwest, and in most of the country for that matter, are not entirely rosy. On these facts government and a majority of private reports agree—the federal estimate on Monday was, if anything, more pessimistic than most authorities had anticipated.

The Department of Agriculture predicts a winter wheat harvest of 463,708,000 bu. on the basis of May 1 condition, a reduction of almost exactly 30,000,000 bu. from its Apr. 1 estimate. It comments on the fact that there have been good rains, well distributed, since the first of this month; notes the fact that this moisture has been beneficial to crops and pastures alike; adds that spring planting has been aided. On the other hand, the government experts feel that substantially more rain will be needed to assure adequate pasture for stock and success for crops. Moreover, a lot of spring seeding—not wheat

alone but other crops as well—has been done in poorly prepared fields due to earlier inclement weather in some sections, to inadequate rainfall in others.

There were, however, some distinctly optimistic notes in the government report—notes which augur well for farm income this year. One was that rains in the Southwest will allow planting of other crops on wheat land which has been abandoned (the estimate is 35,932,000 acres to be harvested after abandonment of 24.4%; the 1935 harvest was from 31,000,000 acres, abandonment 30.4%).

Another favorable item was the forecast that the rye harvest will be close to average, that the condition of late planted crops seems about normal, and that a hay crop which looked bad six weeks ago now is much improved. The status of pastures and of the hay crop at mid-month is reassuring to stock raisers. Even if this year's hay falls short of the latest government estimate

(condition 78.5%, best in five years), there is a larger than usual supply on hand. Pastures in the far West are above average, rains in the Southwest have brought forth some pale green shoots on land which had been given up as lost to grazing, and the entire Mississippi Valley looks much better.

Two Factors to Watch

In any current discussion of the wheat crop's outlook, two factors should not be overlooked. One is that the June 1 estimates, which will take into consideration spring seedings, may materially alter the prospect for the fifth successive year of short crops. The second is that there are many who do not seem to agree with any such short estimate as that made by the Department of Agriculture. This latter group seems to number a majority of those whose opinions are reflected on the Chicago Board of Trade because the market's immediate reaction to the unexpectedly bullish federal estimate was decidedly negative—prices on Tuesday opened a shade higher and then dipped, led by this month's delivery which continued under marked pressure. While others have been calling the rains too late, these dissenters point to the fact that the prospects, particularly in Alf Landon's

What Big Cities Are Building

Building Permits for First Quarter of 1936 and 1935

(In Thousands—000 Omitted)

City	Residential			Non-Residential			Additions, Alterations, Repairs			Total		
	1935	1936	% Change	1935	1936	% Change	1935	1936	% Change	1935	1936	% Change
New York, N. Y.	\$10,836	\$15,678	+ 45	\$6,376	\$13,164	+ 106	\$8,507	\$11,718	+ 38	\$25,719	\$40,561	+ 58
Chicago, Ill.	238	472	+ 98	1,836	2,441	+ 33	944	1,033	+ 9	3,018	3,946	+ 31
Philadelphia, Pa.	779	1,619	+ 108	1,489	906	- 39	571	688	+ 20	2,840	3,213	+ 13
Detroit, Mich.	956	3,578	+ 274	829	1,416	+ 71	833	999	+ 20	2,617	5,993	+ 129
Los Angeles, Cal.	2,209	5,590	+ 153	1,878	3,014	+ 60	2,321	2,264	- 2	6,408	10,868	+ 70
St. Louis, Mo.	660	908	+ 37	702	428	- 31	303	359	+ 18	1,666	1,695	+ 2
Baltimore, Md.	129	816	+ 533	387	2,281	+ 490	714	650	- 9	1,229	3,747	+ 205
Boston, Mass.	80	100	+ 26	2,756	437	- 84	737	1,363	+ 85	3,572	1,900	- 47
Pittsburgh, Pa.	187	158	- 16	95	17	- 83	388	517	+ 33	671	691	+ 3
San Francisco, Cal.	463	1,671	+ 261	2,623	938	- 64	671	662	- 1	3,757	3,271	- 13
Milwaukee, Wis.	115	9,595	+ 735	151	370	+ 145	370	670	+ 81	636	10,635	+ 1,572
Buffalo, N. Y.	26	8	- 69	527	124	- 77	165	216	+ 31	717	348	- 51
Washington, D. C.	2,401	4,789	+ 99	833	1,073	+ 29	1,501	1,427	- 5	4,735	7,289	+ 54
Minneapolis, Minn.	189	214	+ 13	703	688	- 2	249	255	+ 3	1,140	1,157	+ 1
New Orleans, La.	82	287	+ 251	137	328	+ 140	257	215	- 16	474	830	+ 75
Cincinnati, Ohio	642	8,579	+ 1,236	396	658	+ 66	378	406	+ 7	1,416	9,642	+ 581
Newark, N. J.	12	20	+ 59	19	43	+ 124	342	227	- 34	373	289	- 23
Kansas City, Mo.	211	418	+ 98	141	33	- 77	151	216	+ 43	503	667	+ 33
Seattle, Wash.	142	384	+ 171	430	1,032	+ 140	202	504	+ 149	774	1,919	+ 148
Indianapolis, Ind.	57	369	+ 545	151	836	+ 453	171	142	- 17	379	1,347	+ 255
Rochester, N. Y.	7	46	+ 560	155	896	+ 477	184	131	- 29	346	1,072	+ 210
Jersey City, N. J.	76	28	- 63	53	64	+ 21	67	92	+ 37	196	184	- 6
Louisville, Ky.	253	304	+ 20	172	292	+ 70	131	113	- 14	556	710	+ 28
23 Cities.....	\$20,749	\$55,630	+ 168%	\$22,840	\$31,476	+ 38%	\$20,158	\$24,869	+ 23%	\$63,746	\$111,975	+ 76%

Data: U. S. Bureau of Labor Statistics

Business Week

BIG CITY BUILDING—These 23 cities did about half the building construction in the country in the first quarter. Eight cities whose residential permits exceeded \$1,000,000 did exactly 50% of residential building in all cities with populations of 10,000 or more, mapped in last week's issue (p. 15). Moreover, not only did new home construction show the biggest gain over last year in these cities, fully 168%, but it moved up into first

place as the most important type of building activity. New homes planned in the first three months of 1936 accounted for 50% of the total value of all building. Non-residential building added 28%, and the balance, 22%, represented alterations, additions and repairs. In the first quarter of 1935, these three divisions were split almost equally—36% for non-residential building, 32% for homes, and 32% for repairs.

Kansas, have been brightened. In much of Kansas the crop was not too far along to benefit materially from the tardy rains and at least one prominent commission house insists that the same is more true than realized in other regions.

The size of the Canadian wheat crop may now be estimated as the Dominion Bureau of Agricultural Economics says the acreage will be 24,354,000, almost 1,000,000 above last year due to increases in Alberta and Saskatchewan. Planting has been about half completed.

While it is too early to hazard any guesses on the year's corn crop, it appears that seeding conditions at least are good. A substantial part of the crop is in the ground, surface and subsoil

moisture through most of the belt is adequate. The rest of the story now is up to rain and the cut worms.

Likewise, there is little in the condition of the cotton crop to cause alarm excepting the low price it is commanding. In Texas, where plantings have been large, apprehension was relieved by the same rains which brought solace to the wheat raisers of the Dust Bowl. The attitude in the western half of the belt is hopeful. In the Eastern cotton states, however, the planters are hopelessly scanning the skies for rain clouds. There was plenty of moisture earlier but the ground crusted, hampering planting, and now there is need for more. No immediate cause for alarm, however.

Spain: Cloudy Now, Sunny Later

New anti-Fascist President and Parliament face serious conflicts, and business outlook is disturbed, but moderation will probably win out.

SPAIN chose a president this week following the third general election since the overthrow of the long-jawed King Alfonso five years ago.

Manuel Azaña, the new chief executive, represents the liberals but he was elected as a result of a coalition of Socialists, Communists, a few of the extremely radical Anarchists, and most of the Left Republicans. As in France, these groups united in a Common Front to defeat the threat of Fascism.

Spain has had three brands of government since the fall of the monarchy. The first was extremely radical. It represented the people who were determined not only to rid themselves of a king but to divide the big estates among the peasants, to break the hold of the church, and to win from industry a long list of rights for labor. It lasted about two and one-half years.

In the second election (in 1933), there was a strong swing to the Right. The landowners and the militant Catholics came into power and undid much that had been accomplished by the earlier republican cabinets. This government also lasted about two and one-half years.

Less Radical Than Before

The elections this spring have brought back a Left government, but it is less radical than the 1931 government. The extreme Left is out. The Communists and Socialists have modified their demands to win the support of the Left Republicans, who are the real liberals of Spain.

Major plans in the Common Front platform include redistribution of the large estates, reemployment of all workers discharged by the previous government because of revolutionary ac-

tivity, dissolution of Fascist organizations, reform of the banking structure, secularization of the schools, and inauguration of a larger public works program for unemployment relief.

The interval since the general election in February and the inauguration this week has not been encouraging for business. Extremists have had their way. Big estates have been seized and parcelled out in small holdings at the rate of 3,000 a day, much too rapidly for any thought to have been put into the scheme either of dividing the land economically or of helping the new owner to get a start at farming.

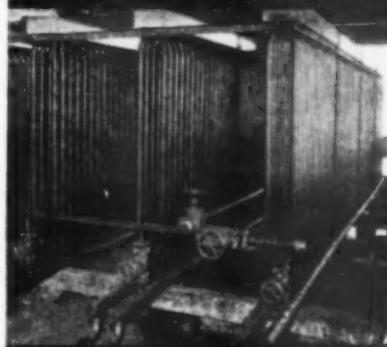
Industries Overburdened

The blanket order to reemploy all workers discharged during the last two and one-half years forces an impossible wage load on industries already depressed by five years of political disturbances.

The budget is badly out of balance. Foreign trade shows an import surplus which has increased since the beginning of the year. Capital exports are prohibited. Payments for imports are in arrears to most countries except those with which clearing agreements have been established.

Like France, Spain has a questionable period just ahead. In both cases, the new government has a majority only as long as all parties hold together. The business outlook in the immediate future is not bright. The strength of the Catholic and Fascist opposition is considerable. There are likely to be many serious conflicts. Business will be worse before it is better, but in the end the Socialists will probably come out on top at the head of a liberal, moderately Socialistic republic.

Refrigeration costs reduced



"FRONT RANK"

Industries use
WROUGHT IRON

THE heavy refrigeration load is just ahead. In thousands of "front rank" plants, such as the one illustrated, wrought iron is on the job to take the punishment out of corrosion. You may employ "the latest design" but it takes good "material" such as wrought iron, to stop premature failures and unnecessary shut-downs.

Comparative service data backing up this statement will be found in the illustrated booklet just published, "The Use of Wrought Iron in Refrigeration Systems," showing recent installations in well known breweries, ice and cold storage plants and other industries.

Suggest to your engineers that they send for a copy and ask our aid in analyzing conditions where replacements come too soon. Write, telling us the service — tanks, smokestacks, refrigeration systems, plant piping, etc., and the location of the building. A.M. Byers Company. Established 1864. Pittsburgh, Boston, New York, Washington, Chicago, St. Louis, Houston.

BYERS
GENUINE WROUGHT IRON
TUBULAR AND FLAT ROLLED PRODUCTS

Specify Byers Genuine Wrought Iron Pipe for corrosive services and Byers Steel Pipe for your other requirements.

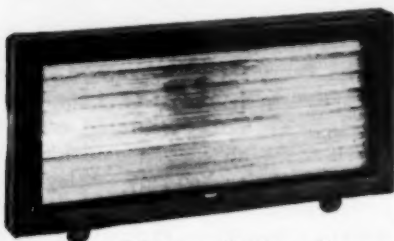
A GOOD IDEA



...and DUREZ makes it practical!



The Schelter Last Company, realizing that the shoe trees on the market did not go in and come out of shoes easily enough, developed this much-improved design. When ready to go into production, however, they found that the traditional materials, wood and metal, were not practical. Then they tried Durez... and Durez made the good idea a *practical* idea. The handle is produced in one molding operation, complete with hollowed out slide for the shaft, the trade-mark and the final lustrous finish. The Durez handle has the warmth and friendliness of wood, plus strength and light weight. It's molded of Durez by Reynolds Molded Plastics Company.



Sign of the times

The housing for this new Neosign had to be *light*, because it is portable. It had to be *attractive* because it gets a prominent position in the store. It had to be *strong, wear- and weather-proof* because its changeable lettering permits years of service. Durez proved to be the only material which had all these advantages. The smooth, lustrous Durez finish will never chip, crack or dull, for it goes all the way through the piece... is not applied. Being di-electric, it provides its own insulation and permits molding of connections right into the housing.

DUREZ is a hot-molded plastic, simultaneously formed and finished in steel dies. **STRONG... LIGHTER THAN ANY METAL... HEAT-RESISTANT... CHEMICALLY INERT... SELF-INSULATING... WEAR-PROOF FINISH.**

There are 307 Durez compounds, each with a specific use. In considering molded plastics let us specify the proper compound for the job. For further information and copy of monthly "Durez News," write General Plastics, Inc., 115 Walck Rd., N. Tonawanda, New York.

DUREZ

New Products

New things, new designs, new packages, new manufacturing and marketing methods.

In asking further information on new products or submitting data on newer ones, address *Business Week's* Chicago offices—520 N. Michigan Ave.

EXCELSO PRODUCTS CORP. announces a tankless water heater for direct connection below the water line of all types of automatically fired steam and vapor boilers. It has easily removable copper heating element and is advertised as particularly suitable for residences or small apartment buildings.

ARIDOR Co., in cooperation with Nash Underwood, Inc., food packers, introduces a combination of ashtray and package top. The Tipper Top cap may first be used as a top for packaged goods,



cosmetics, or confectionery, and the buyer of the package later uses the top as an ashtray.

THERMO-GRIP pliers are offered by Ideal Commutator Dresser Co. as particularly well adapted for rapidly applying or removing solder lugs of electrical cable and for making sweated joints on the new type copper pipes, tubing and fittings. They are made to plug into any light socket, have heavily insulated handles, ample cable length, on-and-off and two-heat control switches and make heat instantly available at the jaws.

SIAMEEZ hose is offered by Electric Hose & Rubber Co. for use on welding equipment and wherever two parallel lines of hose are required. It consists of two lines of hose that are molded simultaneously with a connecting web between them (so that their cross-section appears like a figure 8), and is represented as non-kinking and without torque or twist, even when the pressure in the two lines differs.

SHELL PETROLEUM CORP. announces a new compound that acts like tear gas on insects, keeping them away all day, but not irritating animals or people.



FOR

Disinfectants Insecticides and Soaps

Not many years ago disinfectants were unknown, and soap was scarce. But today, as a result of concerted research, these necessities of life are within reach of everyone. In the soap, disinfectant, insecticide, and deodorant industries, Hercules Powder Company is an important factor through its research in the use and production of economical and efficient raw materials. Some of these include: pine oil, rosins, resins, and other soap and disinfectant basic materials. Information about the use of these and other Hercules products can be obtained by mailing the coupon.

● Some Hercules Products: Cellulose Products... Rosin, Rosin Derivatives, Spirits of Turpentine, Pine Oil... Chemical Cotton... Paper Makers Chemicals... General Industrial Chemicals... Commercial Explosives, Sporting Powders.

● Some Industries Using Hercules Products: Textile, Paper, Construction, Plastics, Metallurgical, Disinfectant, Insecticide, Paint, Varnish, Lacquer, Soap, Synthetic Fibres, Mining, Quarrying, Foundry, General Chemicals.

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HERCULES POWDER COMPANY
Wilmington, Delaware



Please send booklet describing your products for.....

Name.....

Address.....

Company.....

1N-44-B

Business Abroad

French currency crisis affects all markets, overshadows trade pact with Washington. New uncertainties cause governments to step up arms schedules.

MUSSOLINI'S *fait accompli* in Africa and the threat that he will leave the League; the revival of rumors of an Italo-German deal in Austria; France's weakened position in international council chambers due to the very critical domestic situation—all of these factors have placed a new emphasis on war fears and pushed rearmament schedules to the fever point.

All markets are unsettled due to the prospect of French devaluation early in June and the question of possible reaction on London and the sterling bloc.

The importance of the new Franco-United States trade agreement is overshadowed by Continental developments, but it will give the new government an opportunity to push trade expansion as soon as currency problems are cleared.

Far East

Japan builds 24 new factories in Shanghai. Chinese peasants continue to migrate to Manchukuo for farm season.

JAPAN is continuing to push plans for economic penetration on the Asiatic mainland.

Newest plan is announced by Japanese shipping companies operating in Chinese waters. Before the end of this year they will increase the number of ships in these services by 40.

Though Japanese military domination has not yet extended below the Yellow River, Japanese industrialists are going after the rich Yangtze valley trade with products which they are producing in

new branch plants in Shanghai. In the last 12 months, they have built five rubber goods manufacturing plants, three cotton spinning and weaving mills, two soap factories, two cigarette factories, and 12 other small plants to produce miscellaneous goods.

In Manchukuo, the Japanese are trying to induce the public to buy shares in industrial enterprises which are being offered by the government. Just now, the beet sugar and electrical industries are being pushed.

Severe want is forcing peasant laborers in North China to swallow their antipathy toward the Japanese and seek employment in Manchukuo during the planting and harvest seasons. Tientsin authorities report that laborers are passing through that city for Manchukuo at the rate of 1,500 a day. During the 1920's nearly a million peasants a year moved into Manchuria to handle the harvests. Many of them settled there with their families until the disturbances leading to the Japanese intervention caused them to return to their old



Triangle
FREEDOM MIGHT MEAN RUIN—Puerto Rico, whose export business is 95% with the U. S., regards the Tydings bill for island independence with mixed feelings. Rising tariff barriers might spell disaster.

homes in Shantung and other North China provinces.

In spite of the threat of further Japanese penetration, China is making business gains in a few lines. Seven Chinese cotton mills in Hopei, Honan, and Shansi provinces sent representatives to a conference on May 4 at Chengchow where plans were drawn up for mutual cooperation in standardizing products, improving operating technique, and meeting the competition of foreign lines.

One of the most significant commercial developments in China will be inaugurated this week when the first train will make a complete run over the new Canton-Hankow railroad. Passenger service on a regular schedule will follow, the time required to cover the 681 miles being 37 hours. The road connects the great industrial area of the Yangtze valley and the commercial and political center of South China.

Latin America

Brazil ships iron ore to Wales. Mexico builds sugar refinery.

BRAZIL has shipped its first cargo of iron ore to Cardiff. There were 7,000 tons in the first order, and it is Wales' bid to Brazil for more coal business. Experimental shipments of Brazilian fruit to British markets continue.

Determined to help domestic industries, the Mexican Secretariat of National Economy has just announced plans for the construction of a sugar

French Treaty Highlights

Effective: June 15, 1936

Value of United States exports affected by French concessions (on basis of 1935 trade) \$24,500,000.

Value of French exports affected by United States concessions (also on 1935 basis) \$19,070,000.

Concessions by France to United States—

Duties lowered on 19 items: most important in trade volume are certain dried fruits; canned vegetables; cash registers; sewing machine heads; automobiles and parts; fountain pens.

Duties bound at present rates: peaches and apricots; paper and cardboard; motion picture films; additional automobile parts.

Quotas fixed or enlarged: salmon; oranges; fresh apples and pears; radio and wireless tubes and apparatus; silk stockings; hides and skins; steam engines and farm machinery; electric refrigerators; typewriters and parts; tools; tobacco.

Import tax of 6% and 4% is pared down to 2%, which is equal to the domestic French sales tax.

Concessions by United States to France—

Duties lowered on 71 items: perfumes (78% to 37%); vanilla beans; tinsel products; Roquefort cheese (down 28%); broadsilks; lace; cigarette paper (from 60% to 45%); Champagne (\$6 to \$3 a gallon); brandy, cordials, liqueurs (\$5 to \$2.50 a gallon); still grape wines with less than 14% alcohol (dropped 40% to 75¢ a gallon); vermouth (\$1.25 to 62¢ a gallon).

cane refinery to cost, with equipment, \$500,000.

In the first national census in 21 years, Argentina discovered that it had a population of 12,372,965 at the beginning of this year. Buenos Aires, capital and commercial center, accounted for 2,268,137 (or slightly larger than Philadelphia). When the last official census was taken in 1914, Argentina had fewer than eight million inhabitants.

Soviet Union

Russians will build their own typewriters. Largest orders are placed in the United States. Shops lack adequate supplies of clothing and household items.

MOSCOW (Wireless)—A commission will soon leave the Soviet Union to study typewriter production abroad. Russia has already commenced construction on a huge plant at Kazan in which production of typewriters will begin in 1938. Eventual output is expected to reach 100,000 a year. Machinery to equip this plant will presumably be purchased by this commission before it returns to the Soviet Union.

Russia had an unfavorable trade balance of \$9,000,000 during the first quarter of this year, which proves more or less conclusively that Soviet purchases abroad will continue at high levels in spite of the smaller orders for machinery which are now being placed. Raw materials made up the bulk of the import business, though the Soviets are still buying some special types of machinery and industrial equipment.

The United States supplied more of the imports than any other country. Britain continued to be the best market for Soviet goods.

Russians Want Shoes

Russians are clamoring for more shoes, clothing, and household furnishings than domestic factories have been able to supply. Officials in the Kremlin admit that this problem is second in importance only to the country's huge armament program. Stalin faced the problem squarely this week when he announced that "Life is growing easier and gayer" will be the slogan of the Soviet Union. It means that the country will need to resort to large imports of consumer goods for the next few years to meet growing demands. In Moscow shops people stand in lines eight and ten deep in front of counters trying to buy dry goods, shoes, and woolens. The situation is even worse in smaller places.

More manufactured imports will not only satisfy the demands of the population but will bring down simultaneously the prevailing high prices for such goods and bridge the gulf between relatively low prices for agricultural prod-

ucts and high prices for industrial goods against which both the peasantry and city workers are complaining. It will probably be five years before Soviet factories can turn out sufficient textiles and clothing to meet domestic demand.

Meanwhile the country's population is increasing by leaps and bounds, with the government calling for an even greater birth rate. "We need more people to build up our country," was the recent announcement by one of the Kremlin leaders responsible for the framing of the country's new marriage and divorce laws. He urged Soviet women to fulfill their duty to the state by bearing more children, and announced that sweeping changes in present easy marriage and divorce laws will be introduced to eliminate widespread abuses which exist.

Great Britain

London is worried by new international complications. Feverish activity in war industries helps to absorb unemployed.

LONDON (Cable)—The British are genuinely worried over the international outlook. Italy's annexation of Ethiopia creates the new possibility of an international incident until the status of the new territory is determined and carefully defined.

Italy's withdrawal from the conferences of the League at Geneva raises the new problem of Italy withdrawing from the League and uniting with Germany for whatever they can gain on a free lance basis.

Just when these complications demand careful cabinet planning in Britain, the revelations of the news leakage on the income tax increase through a prominent cabinet member further weakens the prestige of the Baldwin group.

Though the general business tone is subdued, business is still good. There has been a further marked drop in the number of unemployed. Rearmament industries are working at capacity.

In spite of reassurances by the probable new French premier, Blum, that France will not devalue the franc, London believes that the move cannot possibly be avoided.

More Gasoline

Efforts to find oil in Britain are speeding up, but so far no real commercial proposition has emerged. On the other hand, imports of gasoline are rapidly increasing. The gain for the first three months of 1936 over the comparable period last year was more than 13%. Gasoline constitutes nearly 46% of total oil imports, and 55% of the finished products section. In value, the first quarter's imports of oil this year were nearly \$45,000,000, in contrast with about \$37,000,000 a year ago.



ROBOT CASHIER—British bank experts are trying out the Incassomat, a machine which receives notes, coin, documents, valuables of all sorts, and delivers a receipt which bears a photograph of the things deposited. It is said to be proof against robbery, and is especially valuable for receiving and keeping deposits safe after banking hours.

Germany

Italy hints at deal in Ethiopia. Revival of public construction boosts employment. Manchukuo barter deal will aid machinery exporters.

BERLIN (Cable)—German business is watching the foreign exchange flurries in Poland and France very closely. Any definite devaluation in these countries might precipitate similar measures in the Reich.

Following the departure of Italian delegates from the League meetings, and the threat that Italy will withdraw completely from the League, there have been rumors in Berlin (though not confirmed) that Rome has approached Germany with the proposition that Germans be given special economic advantages in the new empire in return for diplomatic recognition. Business is skeptical of the report, particularly since it is difficult to imagine what Germany can gain without capital to invest. Besides, the government is eager to avoid any step that may estrange Britain.

The April decline in the number of jobless Germans reflects the upswing in public construction activity. This is also mainly responsible for record cement production.

Soy Beans for Steel

Germany has signed a new trade agreement with Manchukuo which provides for increased business between the two countries. Germany has always been one of the largest markets for soy beans, of

which Manchukuo is the world's largest producer. Before the depression, German purchases in Manchukuo amounted to more than 150 million marks. Recently they have not exceeded one-half that figure.

Manchukuo Not Recognized

The new agreement, which the German foreign office stresses does not imply diplomatic recognition of the new Far Eastern state, provides that in future only 75% of German purchases of soy beans will be paid for in foreign exchange. For the remaining 25%, Manchukuo will be credited in marks which can be used for the purchase of German goods.

It is expected that German purchases of soy beans will reach 700,000 tons by June. Under the new payment plan, this should bring 18 million marks' worth of Manchukuan orders. About one-half of these will presumably be for iron and steel, and the balance mainly for machinery and industrial equipment.

France

All business tense during currency crisis; no measures expected until new government assumes office June 1.

PARIS (Wireless)—Though the country is calm following the general election and in the face of a money panic, there are evidences on all sides that France is face to face with a serious financial crisis.

All last week investors poured securities on the Bourse, but there were relatively few buyers. Capital is being invested in commodities or exported to London and New York for fear of inflation.

The future of the franc is uncertain, in spite of the reassuring statement by the prospective premier. A capital embargo is possible any day, but the feeling is quite general in Europe this week

that this will be avoided until the new government takes office at the beginning of June.

There are too many domestic uncertainties to appreciate fully the value to France of the new trade agreement with the United States. It does help to counteract the disappointment at the announcement almost simultaneously that Poland has denounced the trade pact with France.

Canada

Government attacks deficit problems. Montreal wants free ports for Canada. Tourist influx will reach 1929 total.

OTTAWA—The national debt and taxes have been holding the attention of Canadian business since Finance Minister Dunning made the May Day budget disclosures. Boosting of the sales tax and corporation income tax, while leaving the federal budget unbalanced by \$100,000,000, focuses attention on the Dominion's two principal financial drains, Canadian National Railways' deficits, and unemployment relief costs. Serious public demand for a bold attack on these problems, especially the railway deficit.

In the Commons, Conservative leader R. B. Bennett offers to cooperate with the government in any courageous policy it may adopt for lifting the railway burden. This is interpreted as meaning he is prepared to refrain from making a political issue out of railway amalgamation should the Mackenzie King ministry sponsor such a course.

Good C.P.R. Record

Sir E. W. Beatty, president of Canadian Pacific, which has just liquidated the last of a \$60,000,000 debt Ottawa had guaranteed, and which expects to resume dividends this year, appears to be gaining support for his three-year-old

campaign for merging of the two roads under unified management.

Champions of Canadian National insist it would make a satisfactory showing if relieved of \$1,500,000,000 of deadweight capitalization, a large part of which is duplicated in federal liabilities. Railways Minister Howe states capitalization revision cannot take place inside a year.

Pooling operations of the two roads saved only \$1,600,000 last year. Beatty insists carrying this to unified management would save many millions and increase business confidence.

Tariff reductions on automobiles and compensating taxation relief to automobile manufacturers have disappointed those who expected immediate shrinkage in the differential between Canadian and American prices. Canadian prices have not dropped, manufacturers claiming increase in the sales tax keeps them up.

Farmers Helped

During 8 months of operation of the farmer-creditor arrangement act for compulsory adjustment of farm debt where efforts at voluntary adjustment failed, 11,000 settlements involving \$51,000,000 of debt have been made. These settlements reduced debts by \$15,000,000, with annual interest saving of \$1,250,000. Existence of the act stimulated voluntary settlements of which nearly 5,000 are included in the total.

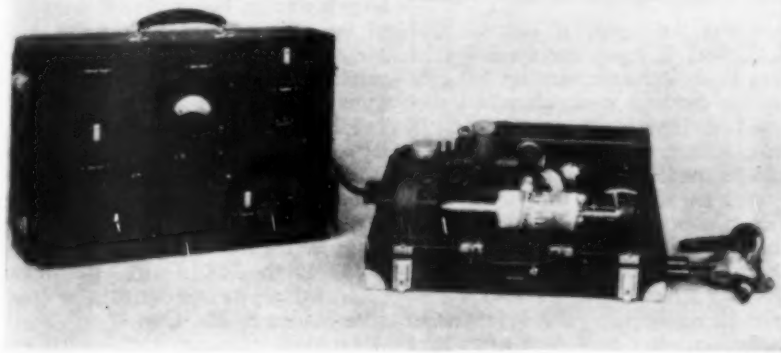
The Canadian government has gone out of the ocean freight business with the sale of the remnants of its merchant marine built during the final stages of the great War and the first years of peace. It had cost a total of about \$150,000,000 and had annual deficits of from \$5,000,000 to \$10,000,000. It goes to British-Australian interests. This does not include the "Lady" boats sailing between Canadian ports and the West Indies.

Montreal interests are represented in the Senate in a proposal for establishing free ports in Canada at Montreal, Saint John, Halifax, Quebec, and Vancouver. Supporters of the proposal claim a free port at Montreal would handle a great volume of traffic for the middle and western part of the United States in competition with New York.

Good Tourist Year

Canada's Federal Travel Bureau expects this year's tourist business to go to the 1929 level. Double the volume of inquiries from prospective American tourists have been received this year as compared with last year.

Announcement has been made here that the Ontario Paper Co., an affiliate of the Chicago Tribune and the Daily News of New York, will go ahead immediately with plans for the construction of a hydroelectric generating station and newsprint plant near Rimouski, Quebec, the project to cost about \$8,000,000.



INTERNATIONAL RACE—Germany is keeping step with other nations (the U. S. among them) in perfecting apparatus to send photographs by wire. Recent quick transportation of sports pictures from the Olympic games has given a boost in popularity to developments such as the machine shown here. At right is the transmitter box, and at left the battery box of newly-designed equipment which sends photographs from any telephone booth to newspapers.

Paving the Way for Dividends

Many corporations whose current earnings justify dividends are unable to pay them without depleting working capital, because of the need for paying off accumulated charges on senior securities—an heritage of the recent years of poor business. A proper readjustment of capital structure often makes it possible to liquidate such accumulations and pave the way for early resumption of dividends out of current earnings.

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Money and the Markets

Apathy continues, with markets dull and trading range narrow. Frazier-Lemke fireworks and foreign excitement fail to provide noticeable stimulation.

WALL STREET always looks forward to the dog days of July and August with mixed feelings—regret that commissions may be small in the mid-summer doldrums (which often don't materialize) tempered by the pleasant anticipation of lighter work and vacations. But when it looks as if the dog days are starting in May, many must be thinking of those days of not so long ago when Scotch furloughs were the rule and vacations were without pay.

Not that the financial community sees itself drifting back immediately into that poverty-stricken era, but it certainly is true that the markets have been so dull, the trading range so narrow and price swings so limited for about two weeks that little significance can be attached to day-to-day changes. This in the face of abundant news, most of it definitely favorable. Most important was the Administration's capitulation on the tax bill. This pleases those who have their eye on the long-term outlook for industry, disappoints those who were looking for sharply increased dividends.

The market also ignored some interesting steel news. First there was a trial balloon on third quarter prices; the story is that finished steel will be marked up \$2 to \$3 a ton. A second

item was the unofficial estimate that U. S. Steel in April, for the first time since 1930, had some earnings left over for the common stock after full preferred dividends; 25 to 35 cents a share, some say.

Even the Frazier-Lemke bill, which worked its way onto the House floor after months of confinement in committee, left the market cold. Here was something with an inflationary gusto; here was something that should stir an apathetic market, despite Administration opposition. But no. As a speculative stimulant it was a dud.

Anti-Climax at Geneva

Foreign news was not quite so exciting this week and it received less attention than its newspaper space would

have seemed to warrant. The shadow boxing at Geneva probably was something of an anticlimax to the Ethiopian affair. It just detracted from the show in France where Leon Blum, head man in the Left coalition and prospective premier, declared against devaluation. There also was a move to penalize short sellers of the franc by raising the cost of such transactions which tended to strengthen the gold currencies. Nevertheless, foreign exchanges are jittery and it is hard to find anyone who does not believe that France will ultimately devalue and carry the few remaining gold bloc nations along.

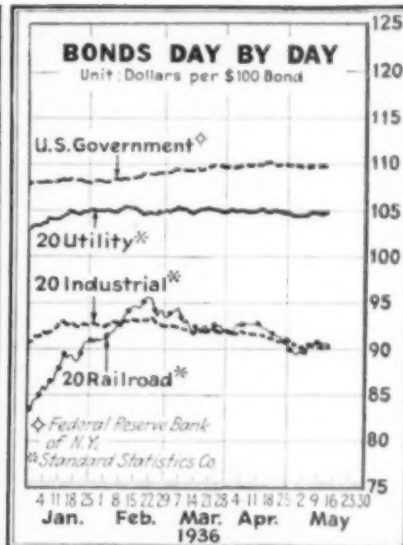
With stock prices disinclined to react to news, everyone is sitting back and airing opinions as to why the slightly-over-a-year-old bull market gave up the ghost a month ago. The fact that trading increased sharply and the rise topped off just a little more than a year after the advance started has its interesting implications. Those who bought in April, 1935, had been in long enough to establish capital gains—taxable at a considerably lower rate than if they had sold out earlier. Then, when the industrial averages hit a new high but the rails failed to follow through, why not take profits and run?

There is another interesting side to that capital gains question, too. Incident to his reelection as president of the New York Stock Exchange, Charles R. Gay was widely interviewed. Among his statements was one to the effect that the high tax rate is freezing holdings. Many who have profits don't want to take them and pay the tax, with the result, in Mr. Gay's opinion, that a real scarcity of stocks for trading purposes is created.

Whitney Gets the Votes

The Stock Exchange election, as anticipated, brought out little fireworks (*BW*—May 2 '36) due to the fact that Mr. Gay was unopposed, but the vote was unusually large, 1,094. Richard Whitney, former president, polled the largest vote in being elected a trustee of the gratuity fund with 1,088, and Mr. Gay received 1,087. Of the independent candidates for the governing committee, Allen L. Lindley was elected and Edward Roesler failed; Mr. Lindley's anticipated victory meant that one member of the regular slate must lose and H. Allen Wardle was low among that group of 10. Mr. Lindley, a governor since 1916, is regarded as a hold-over from the "Old Guard" which was succeeded a year ago by the "reform" slate headed by Mr. Gay.

Even the exchange election has not been able to force the margin hullabaloo into the background. New margin regulations, coming into effect at a time when stock values were slipping pretty rapidly, were not calculated to be helpful. Furthermore, there are those



who maintain that there now is no buying cushion on the breaks because margin requirements are too steep and buyers are making pretty sure that the trend has turned upward before jumping in. This latter thought is said to have gained some support in influential Washington circles. In the capital, as well as in New York, there are those who think that the 55% cash requirement is a good bit higher than circumstances warrant (especially with "street loans" not much more than one-eighth of the 1929 total).

Margin Will Be the Topic

It may be predicted confidently that this margin subject will be prominent in meeting rooms and hotel corridors in Cleveland the first of next week when the annual convention of the Associated Stock Exchanges opens. Among those on hand will be Mr. Gay; James M. Landis, Securities and Exchange Commission chairman; David Saperstein, one of Landis' right-hand men; and Dr. Carl E. Parry, head of the Federal Reserve's securities loan division. If the Washington contingent is not asked many times "How come?" on margins it will indeed be a surprise.

Commodity markets were just about as featureless this week as those for securities and as prone to pay no attention to news. Wheat was typical, perhaps, when no heed was given to a bullish government crop report—an estimate which sliced 30,000,000 bu. off the Department of Agriculture's expectation on winter wheat, reducing the figure to 463,708,000 bu. This figure was substantially under most of the private estimates but it was greeted by only a fractional rise which subsequently turned into a decline. To start with, traders are inclined to believe that recent rains have improved the condition of the crop more than the government estimate indicated. Moreover, Kansas

City early this week stood ready to deliver substantial quantities of the old crop, thus unsettling the May option. Wheat also was coming to Chicago from Buffalo. The result was that some of Tuesday's quotations (the crop report came out after the close on Monday) were the lowest in eight months.

Cotton Dull; Sugar Bright

There was little news to affect the cotton market, other than official reports

that the current offering of loan staple is selling faster than was generally expected. Mills' efforts to get together on production may tend to clarify the market situation; in the meantime trade demand is not large and the immediate effect of control would be somewhat depressing. Little important activity has appeared on either side of the market and swings have been minute.

The brightest spot in commodities is sugar with futures reaching the highest

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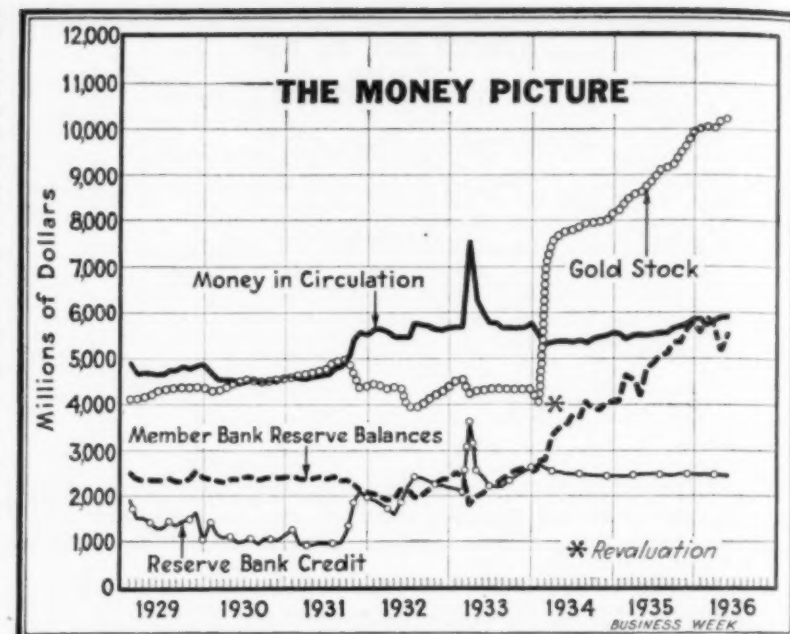
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mark in eight years. Even though refiners have been out of the market, they are expected to be buyers when the summer demand develops a little further and, in the meantime, offerings are light. In contrast, rubber futures have been having difficulty in getting up from recent bottom levels. The news of the slight increase in quotas had barely had time to sink in when Holland eased the tax on exports. Moreover, uncertainties on the Dutch guilder's future complicate the world market situation further.

There seems to have been one slender ray of hope in the bank stock market in the last two weeks on reports that call money would be marked up—a hope which was realized the first of this week. The explanation was that banks require a higher return on stock exchange accommodations due to the additional clerical work necessitated by the new margin regulations. So, for the first time since last Oct. 30, the rate was advanced—up a quarter to 1% on stocks and to $\frac{3}{4}$ of 1% on government securities. Simultaneously, time money on stock exchange collateral was marked up from 1% to $1\frac{1}{4}$ % on all maturities up to six months. Rates are still so low that they mean little as a factor in the securities market but any advance whatever in interest is big news to the banks.

Personal Loans at 4%

Not so favorable to the banks, however, was the action of the National City Bank of New York in slicing its rate on personal loans to 4% from 6%. As the pioneer in this personal loan field so far as the commercial banks go (it entered the business eight years ago) the City probably sets a style with this



action. Other institutions in New York have declined to predict what action they will take but the personal loan field, along with most other profitable lines for employing those immense reserves of idle cash, has become so highly competitive that this cut in the rate on interest can hardly be ignored. James H. Perkins, National City chairman, stated that the bank can handle the business more economically due to the large increase in volume achieved (790,000 loans totaling \$243,000,000 have been made in the eight years); however, some other New York banks

have been flirting with the personal loan idea and the City Bank probably saw a chance to scare them off and, perhaps, to increase its volume.

Hearn's New Stock

The financial district came up from the dull reading of the ticker tape with a smile at the announcement that Hearn Department Stores, Inc., New York's leading emporium on 14th St., had registered two stock issues with the SEC.

Memories sped back two years to the fanfare with which Hearn's launched its non-profit merchandising policy in a blaze of black ink in the newspapers and red ink on the ledgers. Wall St. satirists wondered if the 109-year-old, privately-owned institution was to pass on this non-profit policy to newly-found stockholders.

The earnings report, filed with the SEC, dispelled such invidious notions. Net income for the year ended Jan. 31 was \$355,400 as compared with \$144,900 in the 1935 fiscal period. What started as a non-profit policy was unable to resist the swell-tide of sales: \$16,000,000 last year vs. something like \$2,000,000 when Maurice Levin, former molasses operator, decided to try his hand at department-storing in 1932.

The SEC registration statement calls for 45,000 shares of \$50 par 6% preferred stock, which is to be exchanged for the 20,000 shares of old preferred stock, and 500,000 shares of \$5 par common, allocated as follows: 165,000 new common for the 500 old common shares; 50,000 shares to underwriters; 50,000 shares in reserve for exercise of options; 135,000 shares in reserve for preferred stock conversion, and the balance, 100,000 shares, for corporate purposes.

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Editorially Speaking—

MUSSOLINI is talking: "A milestone in our march has been reached; we will continue to march to peace." Peacefully marching.

"TENNESSEANS Stop Work to Pick \$5 Bills on Trees." The bills were left in the trees by the French Broad River, as it subsided after its recent rise.

McIntyre used to tell Heath (or did Heath tell McIntyre?) about the bread tree and the ham tree. If you were a vaudeville fan in the old days you always went to see McIntyre and Heath when they came to town, and always you roared with laughter when the starving McIntyre or Heath, in a rich and juicy voice, heightened the torture of the starving Heath or McIntyre by describing with vast gusto the bread tree and the ham tree. What would that marvelous narrator have done with the tale of the Five Dollar Bill Tree, down where the French Broad flows?

A MOVIE company has been on location near Gallup, N. M., making a Texas Ranger picture, and one of the actors dropped a cigarette and started a brush fire that would have burned out the whole site if it hadn't been checked in time. Now U. S. forest rangers have been assigned to prevent fires.

Here's an opportunity to economize. After finishing their present job, the actors can switch uniforms and, with the help of a few burros, make a forest ranger picture.

IN the past four years there's been a 2% reduction in the number of local governments in the United States. Prof. William Anderson of the University of Minnesota makes this estimate, in an article in the "Municipal Year Book." He finds that there's a noticeable tendency to consolidate counties, cities, townships, and school districts.

And now perhaps all the enlarged local governments will be kind enough to put up conspicuous signs at their boundaries, making a plain statement of their speed limits, so that a motorist who thinks he's driving in the open country won't suddenly find he's inside a town and will promptly be inside the hoosegow unless he planks down fourteen bucks for violating a speed limit he never knew existed.

AN Arkansas farmer met a couple of drunks who were not too drunk to cover him with a pistol and tie his right wrist to a railroad track. When the midnight special came along he threw himself off the track and saved everything but his right thumb.

Some time this evening we expect to rummage in our bookshelves and reread Conan Doyle's "The Adventure of the

Engineer's Thumb," which resembles without paralleling the Arkansas case. But perhaps, as Doyle was an insistent spiritualist, he has already considered this crime and will soon favor his old readers with a sequel, "Sherlock Holmes in Arkansas."

THE other day we had an enjoyable chat with our old friend Dr. Clerhead, professor emeritus of logic at the University of Seestrate. "I am immensely interested," he said, "in the new effort to release Capone from Alcatraz Island. Technically it is based on the use of 'the' instead of 'a' in a federal statute. But actually it goes much deeper than that. It is an attempt to terminate a profound injustice to a magnificent leader."

"Injustice?"

"Obviously, my dear fellow. How can the petty charge of murder be leveled against a man who inspired the St. Valentine's Day Massacre, in which 80 men were lined up against a garage wall—"

"Eight, I think, professor."

"Oh, surely not! Eighty!"

"No more than eight or nine, professor."

"Are you sure? Well, even at that—eight men killed simultaneously, at the instigation of a master mind, or dictator, who does not appear on the scene himself—killed without a chance to defend themselves. Surely this is not simple murder. It is battle, it is war, glorious war. It is the deed of a man who, given wider opportunities, would number his dead by the thousands and tens of thousands. To put such a man in prison on a charge of murder is revolting. It violates the canons of civilization and the aspirations of imperial destiny."

"But murder is not the charge. Capone was convicted of income-tax fraud."

"Was he, really? I'm all wrong then—really all wrong. Income-tax fraud is criminal. But just the same," added the great logician forcibly, "the government should commute his sentence and allow him a wider scope for his sanguinary talents. Other countries have made lesser men dictators. Why should America keep Capone on Alcatraz?"

PROBABLY if you have to be insane, about as pleasant a place as any to be in is the asylum at Nice. The Mediterranean climate is mild and the French authorities are probably better than the average. Perhaps the radio facilities aren't up to American standards, but the patients are given the frequent pleasure of phonograph concerts, in which every kind of music is played. After a recent concert they were asked to vote their preferences. One and all they voted for American jazz.

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Reckless Interference

It is downright preposterous that Congress should be on the point of enacting the Patman-Robinson-Utterback-Borah-Van Nuys conglomeration of price-control legislation. This is a drastic and dangerous interference with business. It is being pushed through Congress by the passionate propaganda of a minority. The amount of evil it would do is incalculable.

The distributing trades are not the only ones seriously affected by it. Although the bill has been amended to exempt from price regulation any article that is sold for further processing or manufacture, it still contains plenty of danger for the manufacturing industries.

In the first place it forbids all systems of delivered prices (except on articles exempted under the above amendment). Though some of these systems may be defective, there is no justification for outlawing them all.

Besides, it grants the Federal Trade Commission an enormous power over quantity discounts. The commission not only may stop any discounts that are not due to differences in cost of production or distribution, but it may also stop any quantity discounts, no matter how justifiable, if only a few large buyers can take advantage of them. Large buyers are to be crippled simply because they are large. They are not to be permitted to buy in heavy volume at a low price and pass the savings on to their customers.

Moreover, the bill lays down a flat rule that selling and credit terms and service allowances shall be given on proportionately equal terms to all buyers. Thus the buyer of one gross of an article could demand one-tenth of the advertising and other allowances granted to the buyer of 10 gross, even though the latter were a superior credit risk, had established a reputation that lent prestige to any article he sold in his store, and used abundant newspaper advertising to push sales.

Many manufacturers stabilize employment and keep their plants busy in off seasons by large orders on which they quote low prices. If it were not for such orders they would have rush seasons in which work would be less efficient, working hours longer, and prices higher to all their customers. But the bill would tend to stifle this off-season business, by

outlawing the special terms that attract big buyers.

One of the most astounding provisions is the prohibition of brokers' allowances except when a broker is actually used. The intention is to stratify all groups in the distributing trades, making the retailer stick to retailing, the wholesaler to wholesaling, the broker to brokering. This means a return to economic feudalism, a radical destruction of the freedom of business to come and go, to move from one venture into another, to employ a dozen intermediaries in a transaction if they will be useful, or one, or none at all.

It is the object of this bill to cripple large buyers, particularly the chains. But if chains are not permitted to get quantity and special allowances, what is to prevent them from manufacturing the main items they sell? This would be very bad for those distributors who are supporting price-control, and possibly even worse for the manufacturers whom the chains would compete with.

Congress should not legislate on such matters without knowing what it is doing. It does not know; it cannot know. It needs detailed information that nobody possesses at present. It should put experts to work and get the necessary information before interfering with the established ways of business.

Where Mussolini May Get the Money

Mussolini's victory over the Ethiopians is likely to have an ironical result—a loan from Britain so that he may develop the country he conquered despite British opposition. Italy's economic condition is wretched, and Mussolini has got to have a loan. If it were denied him he might try some further desperate action. The British government is anxious to maintain peace. In other circum-

stances Mussolini's need for a loan would be satisfied by France, but the French financial and political situation will probably prevent that, and therefore Britain is apt to produce the money.

But if she does this she will demand guarantees for her own protection, such as a limit on Mussolini's troops and fortifications in Ethiopia. There will be a lot of bargaining and bluffing before a loan is made.

Uncle Sam As A General Policeman

There is one governmental agency in Washington that gets along happily, increasing its powers and its budgets and its ambitious confidence. This is the Bureau of Investigation of the Department of Justice. J. E. Hoover, its director, has lately recited a long list of its accomplishments, some of them dealing with local crime. It might be better if the bureau had fewer accomplishments and fewer things to do.

Although conservatives resent the encroachment of the federal government on the sovereignty of the states and the local domain of the cities and the counties, its encroachments in the matter of police work have been cordially approved. Business men implore federal intervention when the local machinery of law-enforcement breaks down. They want Washington to step in and do ordinary town policing and justice of the peace business, to curb offenses all the way from treason to shoplifting.

Doubtless a part of this intervention has been necessary, because some local offenses have assumed an interstate character. But the federal government is a living organism, and experience has shown that the growth of one of its agencies will stimulate the rest. Moreover, the police function is the one which, above all others, should predominantly remain local. If it is not performed competently, let business men improve their local governments and hold them responsible. Otherwise the local police will lose their authority, becoming subservient to an all-powerful federal police department, which, in clever and unscrupulous hands, could be used to weaken American liberties and prepare a dictatorship.

Published weekly by McGraw-Hill Publishing Company, Inc., 330 West 42nd St., New York. Tel. MEdallion 3-0700. Price 20¢. Subscription: \$5.00 a year, \$10 for three years. U. S. A., possessions, and Canada. Other foreign, \$7.50. Cable Code, McGrawhill

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